



RAUNAQ EPC INTERNATIONAL LIMITED

(Formerly Known as Raunaq International Limited)

(AN ISO 9001:2008 Company)

REIL/SEC/BSE/4/AUGUST 2017-2018

August 24, 2017

The Manager (Listing)

BSE Limited

1st Floor, New Trading Ring,
Rotunda Building
PJ Towers, Dalal Street
Fort, Mumbai – 400001

STOCKCODE: 537840

Sub: Compliance of Clause 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

Pursuant to Clause 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of "Raunaq EPC International Limited" for the year ended 31st March, 2017.

You are requested to take the same on your records.

Thanking you,

Yours faithfully,

For **Raunaq EPC International Limited**

Kaushal Narula
Company Secretary

Encl: As above





UNWAVERING FOCUS

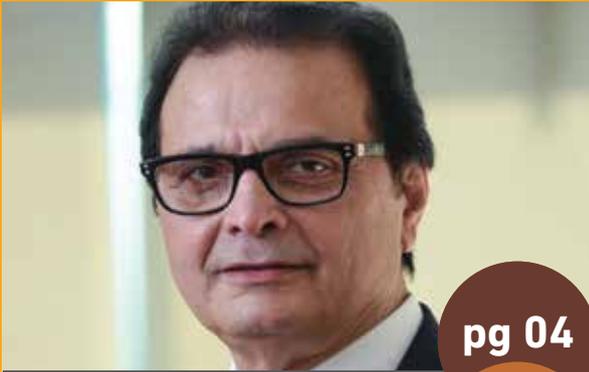
On quality. | On timely execution. | On exploring opportunities.



RAUNAQ EPC INTERNATIONAL LIMITED

(Formerly known as Raunaq International Limited)

Annual Report 2016-17



pg 04

Chairman's message



pg 06

Business overview



pg 08

Landmark projects

Cautionary Statement Regarding Forward-Looking Statements

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

Contents



CORPORATE OVERVIEW

2-16

Company Snapshot	2
Chairman's Message	4
Business Overview	6
Landmark Projects	8
Financial Highlights	12
Board of Directors	14
Corporate Information	16



STATUTORY REPORTS

17-65

Management Discussion and Analysis	17
CSR Initiatives	23
Board's Report	24
Corporate Governance Report	48



FINANCIAL STATEMENTS

66-112

Financial Statements (Standalone)	66
Financial Statements (Consolidated)	89



The Company during its four decades of existence has time and again proved its technological and EPC competence across several projects.

The Company's timely execution and quality consciousness has not only provided it strong references for new clients but also enabled it to receive repeat orders from existing ones. It is a result of this, that even during a tough industry scenario that the Company received strong order inflows from new reputed clients (Alstom and Toshiba) displaying its engineering might. The Company will now leverage its existing competencies to venture the water distribution space, which has huge opportunities in the country.

The Company also has a proven quality and technological competence in its automotive business in which within a span of four years it achieved significant growth in volumes and an important landmark by making a roadway to OEM Sector. This displays the strong manufacturing excellence, focus on quality and robust manufacturing set-up that the Company has. The OEM business shall provide guaranteed volume growth to the Company and enable it to effectively utilize its capacities for better operational efficiency. The Company further intends to extend scope to passenger vehicles.

Company Snapshot

Raunaq EPC International Limited (REIL), with a successful track record of working across multi-disciplinary EPC projects and having an annual automobile component manufacturing capacity of ₹ 114 crores, is one of the leading engineering companies in the country.



CORPORATE OVERVIEW

- Raunaq EPC International Limited (REIL) established in 1965 is a company of Surinder P. Kanwar Group.
- Group companies include Bharat Gears Limited, Clip-Lok Simpak (India) Private Limited and Xlerate Driveline India Limited.
- An ISO 9001: 2015 certified organization.



KEY STRENGTHS

- **Providing niche solutions:** The Company's four decades rich experience has enabled it to achieve competencies in the niche areas of mechanical solutions for industrial, power and hydrocarbon sectors.
- **Engineering expertise:** The Company possesses engineering expertise driven by its vast experience of working across diverse EPC projects and skilled intellectual capital making it one of the most trusted and reputed players.
- **Long-lasting bonds:** The Company's strong focus on quality and timely delivery of projects has enabled it to develop long-term relationships with leading companies.
- **Timely execution:** The Company possesses an enviable track record of completing all projects on time driven by its robust engineering team and investments in technology.
- **Strong intellectual capital:** The Company has a wealth of intellectual capital in terms of engineering manpower and technical knowledge to cater to the needs of turnkey projects that we undertake.
- **Manufacturing excellence:** The Company has the capability of manufacturing automotive products meeting stringent international quality criteria.
- **Pan-India distribution network:** The Company's strong pan-India distributor network enables it to efficiently market products across the country.



BUSINESS AREAS

- **EPC:** Provides EPC solutions in the areas of pipeline and storage infrastructure catering to power, chemical, hydro-carbon and metal industry.
- **Automobile:** Xlerate Driveline India Limited (XDIL), REIL's 100% wholly-owned subsidiary, is engaged in the business of manufacturing automobile clutches for commercial vehicles.



KEY AREAS OF SPECIALIZATION

- Industrial Piping systems for:
 - Power plant piping
 - Utility industrial piping
 - Large Dia piping
 - Ash/sludge disposal piping
 - Process piping
- Cross country pipeline and piping systems
- Storage tanks and oil handling systems
- Ash water recirculation systems
- Compressed air systems
- Fire water systems
- Site fabrication and equipment erection works



GEOGRAPHICAL PRESENCE

- Headquartered at Faridabad (Haryana)
- Pan-India EPC presence and distribution network
- Manufacturing unit at Faridabad
- Branch offices at New Delhi, Mumbai and Kolkata



PRIDE ENHANCING CLIENTELE



Chairman's Message



Dear Shareholders,

Greetings to all of you. It is my pleasure to present the Annual Report for FY 2016-17. The year 2016-17 has been both a good and difficult one. With repo rates declining by 25 bps to 6.25% and government's investment in infrastructure, the scenario was favourable for EPC players. However, on the other hand, the industry was passing through a turbulent phase. The market was slow and the government's lack of focus on the thermal power sector, our core business area, did affect the performance of the Company to a large extent. No new projects came up in thermal power from the end of FY 2015-16 till a better part of FY 2016-17. This reflected in the Company's order book as well.

However, Raunaq EPC International Limited (REIL) has proven time and again, its technological and EPC competence in the market. The Company's focus on timely execution and quality consciousness has not only brought new clients but also received positive feedback in the form of repeat orders from existing ones. As a result, even in turbulent times, things started looking better. The Company received order inflows from old clients like NTPC Limited and Hindustan Zinc Limited as well as from new reputed clients like Alstom BF Power Limited and Toshiba JSW Power Systems later in the year.

The automotive business too suffered a major setback in the third quarter of the year due to demonetization. Cash flows were delayed, especially because it caters to the after-market sector, which primarily deals in cash. The scenario is expected to return to normalcy in the current financial year. However, the business also achieved a landmark by making a roadway to OEM Sector. This proved the Company's strong manufacturing excellence and quality. The OEM business will guarantee regular business volume enabling it to optimally utilize its capacities (Company's plant is running at 1/3rd capacities now).

In the EPC business, the Company bagged new orders worth ₹ 101.61 crores during the year taking its total order book position as on 31 March, 2017 to ₹ 105.22 crores providing revenue visibility for the next 1-2 years. Key projects received during the year include:

₹ 9.60cr 12 MLD water conveyance system from Hindustan Zinc Limited

₹ 14.42cr Additional AWRS and associated equipment from NTPC Ramagundam

₹ 18.57cr CW Piping Package for 1x660MW Harduaganj Thermal Power Plant Extension – II from Toshiba

₹ 52.40cr CW Piping Package for 3x660MW Ghatampur Thermal Power Project in Uttar Pradesh from Alstom (BF) GE

“The Company is actively exploring tie-up opportunities with reputed international players for getting access to newer technologies that shall enable us to create a niche market in India.”

The Company is actively exploring tie-up opportunities with reputed international players for getting access to newer technologies that shall enable us to create a niche market in India.

While thermal power sector remains our forte, we are exploring opportunities in water distribution sector. Water supply is amongst the top priorities of state governments across the country owing to the fact that cities and most villages in India reel from major water scarcity in summer months. Safe drinking water is a precious commodity in most parts of rural India where people have to travel several miles before they reach a source of potable water. Our key focus will be on bringing water from source to the nearest water treatment plants. This diversification will help us to keep afloat in future, even if further investments from the government in thermal power stations decline.

As far as diversification in the automotive segment is concerned, we have made a breakthrough by finalizing an OEM deal with one of the largest reputed commercial vehicle player in the country. Validation and trial of the product has already started and we plan to commence supply in the current financial year. Beside commercial vehicles, we also plan to foray into manufacture of passenger vehicle clutches for the after-market sector.

In the future, the Company hopes to gain from the Government’s boost to the infrastructure sector, including power sector. The initiative will definitely open more opportunities for the Company in the water distribution and fuel oil handling and storage systems. Alongside diversification, both segments require adequate technology upgradation that will help in value-addition. In automotive segment, we are looking at equipment updation and improving the quality of manpower. These initiatives by the Company will ensure improvement of margins and enhancement in shareholders’ worth.

Finally, I would like to thank all our shareholders for believing in us and supporting us through the tough times. I would like to thank our customers and suppliers for their unstinted support throughout our journey. Last but not the least, our employees whose tireless efforts have borne fruits of success. Our motto, **‘On time execution’** and **‘Best quality norms’** still remain the key strengths that have helped us sail through tough times. We proudly say that the Company is ready for growth. We are thinking out of the box to see where the path of growth is leading. And we welcome all of you to ride this growth.

With best regards,

Surinder P. Kanwar

Chairman and Managing Director

Business Overview



OVERVIEW

The division provides turnkey project management solutions to leading companies across India. Its strong in-house design team, state-of-the-art machineries and skilled labor enables it to deliver challenging projects. It has a robust track record of working across around 125 projects.

KEY HIGHLIGHTS

- Bagged new orders worth ₹ 101.61 crores which include orders from reputed existing clients like Hindustan Zinc Limited (HZL) and NTPC Limited along with new customers like Alstom BF Power Limited (now merged with GE, USA) and Toshiba JSW Power Systems Private Limited.
- Completed 70% job at a challenging project from Delhi Metro Rail Corporation (DMRC) that involved laying steel pipelines for a water supply line from Kalindi Kunj to Janakpuri.

KEY PROJECTS IN THE ORDER BOOK

NAME OF CLIENT	PROJECT VALUE	SCOPE OF WORK
Hindustan Zinc Limited	₹ 9.60 cr	Design, supply, erection, testing and commissioning on turnkey basis for 12 MLD Water conveyance system
NTPC Limited	₹ 14.42 cr	Design, supply, erection, testing and commissioning on turnkey basis for Additional AWRS and associated equipment
Alstom BF (GE)	₹ 52.40 cr	Supply, fabrication and erection of Cooling Water Piping and related Civil Works at 3x660MW Ghatampur Thermal Power Project in Uttar Pradesh
Toshiba	₹ 18.57 cr	Supply, fabrication & erection of CW/ACW Piping and Related Civil Works at 1x660MW Harduaganj Thermal Power Plant, Extn.-II

STRATEGIC DIRECTION AHEAD

- Focus on diversifying into new business areas, especially the water distribution business, viewing the huge shortfall for water infrastructure in the country.
- Focus on enhancing scope of opportunities by providing value-added services to clients.
- Collaborate with national and international companies to get access to newer technology and improve project prequalification criteria.
- Upgrade machineries to enhance project competencies.



AUTOMOTIVE BUSINESS

OVERVIEW

The division is a leading manufacturer of commercial automotive clutches for after-sales market. It has recently ventured into the OEM sector. The plant is self-sufficient with strong design team. The Company has a total production capacity of ₹ 114 crores per annum.

KEY HIGHLIGHTS - FY 2016-17

- Made a roadway to OEM Sector.
- Tied-up with India's leading heavy commercial vehicles manufacturer in OEM sector.
- Initiated a pilot project on clutches for passenger vehicles that received good response.

STRATEGIC DIRECTION AHEAD

- Focus on delivering quality products and consistent supply to new OEM client added during the year.
- Leverage existing OEM portfolio to enhance capabilities and explore new OEM opportunities.
- Enhance product portfolio and look for collaboration to further strengthen commercial vehicle segment.
- Explore opportunities for extending portfolio in the passenger vehicles segment either through tie-ups with global players or developing in-house capabilities.

Landmark Projects



	NAME OF CLIENT	PROJECT SCOPE	KEY CHALLENGES
	Anand Projects Limited, Noida	Raw water piping system for 3 x 660 MW supercritical thermal power plant at Lalitpur	<ul style="list-style-type: none"> Project involved construction of 45 km of cement-coated steel pipeline work with a diameter of 1,600 mm Tough rocky terrain and strong resistance from local villagers and difficult approach to work site
	Bajaj Infra Development Corporation Limited, Noida	Circulating water system with pump sets and large dia piping for 3 x 660 MW supercritical thermal power plant at Lalitpur	<ul style="list-style-type: none"> Project involved laying 3.6 mtr dia pipelines 6 metres below the ground while the height of the motor was nearly 3 metres Excavation in hard rocky terrain and erection of 3.6 mtr dia piping and concrete encasing
	Hindustan Zinc Limited, Udaipur	<ul style="list-style-type: none"> 30 MLD Water Pipeline System (600 dia/700 dia - 80 km length) from Udaipur to Dariba Raw water cross country piping works (14 kms X 18" size, 6"x 4 Kms pipeline) Yard piping work for 210 KTPA Zinc Plant at Dariba Smelter Complex 	<ul style="list-style-type: none"> Project involved execution of pipeline works through tough rocky terrain and farm fields with strong resistance from local villagers. To complete the work within the scheduled timeframe
	Adani Power Limited, Ahmedabad	Design, supply, fabrication, erection, testing & commissioning of FOH, LP Piping System on turnkey basis and construction of circulating water piping system for 5 x 660 MW Tiroda Thermal Power Station	<ul style="list-style-type: none"> Project involved laying CW pipelines 7 metres below the ground on a hard rocky terrain

HOW RAUNAQ MET THE CHALLENGES

- Employed more than 100 people and used rock-breakers to cut rocks up to 4 meters for laying pipes
- Pipe layers were deployed by Company

PROJECT DELIVERY

Work done as per project schedule



- Number of heavy rock breakers were deployed

Work done as per project schedule



- Raunaq deployed team of specialists to take care of liaising issues

Company has been awarded bonus by completing the jobs ahead of scheduled delivery



- Number of heavy duty rock breakers were deployed

Project completed as per schedule



Landmark Projects



	NAME OF CLIENT	PROJECT SCOPE	KEY CHALLENGES
	National Thermal Power Corporation	Comprehensive and integrated seepage water rehabilitation package for 500 MW Indira Gandhi Super Thermal Power Plant at Jhajjar	<ul style="list-style-type: none"> Project involved execution of civil works on ground that was filled with water
	Reliance Energy Limited, Mumbai	FOH System on turnkey basis for Sasan UMPP 6x660 MW, LD & LP piping system for Yamuna Nagar, Hissar, Rosa I & II, Paricha, Raghunathpur, Samalkot power plants and installation of raw water supply system package comprising 1,200 mm dia pipeline for a total length of 42 kms including road/river crossings	<ul style="list-style-type: none"> Projects involved execution of works on tough ground conditions and coordination with other contractors working inside the plant and resistance from villagers for RW Piping
	Jindal Steel & Power Limited, New Delhi	Water Piping work of 600NBx11 km (twin line) for Raigarh Plant	<ul style="list-style-type: none"> Project involved execution of DI pipeline works through tough rocky terrain, river crossing and farm fields with strong resistance from local villagers To complete the work within the scheduled timeframe

HOW RAUNAQ MET THE CHALLENGES

- The Company installed 90 dewatering pumps and dug more than 800 wells to remove water from the ground so that land dries-up and work could be done. We also constructed coffer dams (dam-like structure) to ensure that the water doesn't pass through
- We used hi-tech systems in the project to ensure quality and timely execution

- Raunaq deployed specialists for taking care of liasoning issues

- We used hi-tech systems in the project to ensure quality and timely execution

PROJECT DELIVERY

99% of the job is completed and we are expecting to complete the job as per the project requirement

All packages were executed within the time frame and as per clients' requirements

Two months ahead of the scheduled delivery



Financial Highlights

MAJOR ORDERS EXECUTED DURING THE YEAR

- Circulating water (CW) system and raw water (RW) piping system package for 3x660 MW thermal power project at Lalitpur, UP.
- Miscellaneous tanks package for L&T at 2x660 MW Chhabra thermal power station.
- Seepage water recirculation system package for Indira Gandhi super thermal power project, (3x500MW), Jhajjar, Haryana.
- LP Piping/CW Piping for DVC at 2x660MW Raghunathpur thermal power plant, West Bengal.

₹ 10,522 lacs

Order book status as on 31.03.2017

133

Employee strength

12

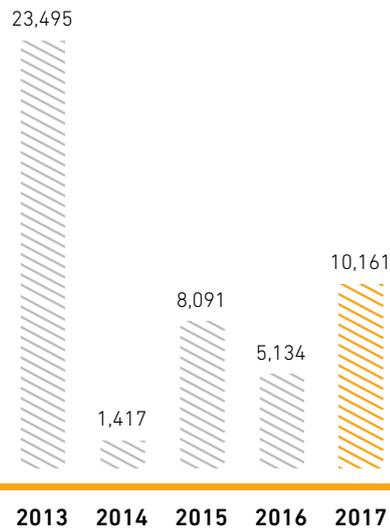
No. of ongoing projects

~125

Total completed projects

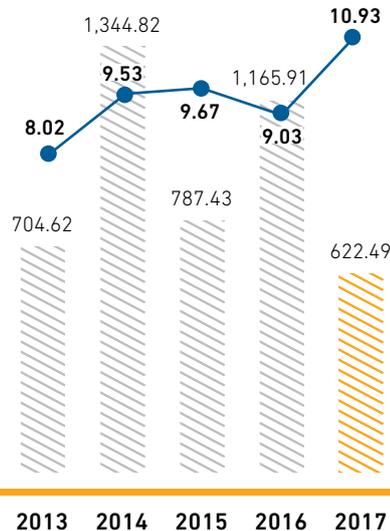
Order Booking

(₹ in Lacs)



EBITDA

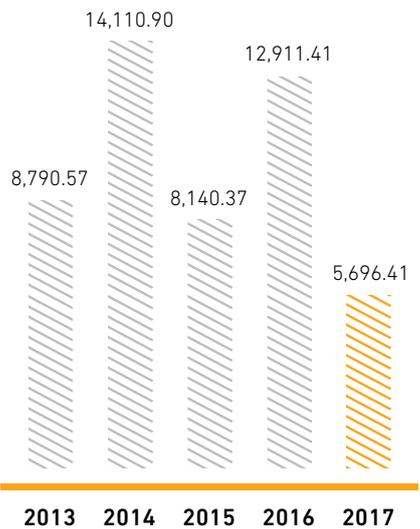
(₹ in Lacs)



▨ Absolute (₹ lacs) ● Margins (%)

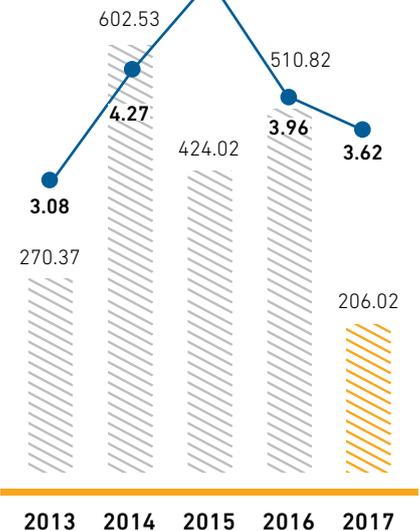
Total Income

(₹ in Lacs)



Profit After Tax

(₹ in Lacs)



▨ Absolute (₹ lacs) ● Margins (%)

MAJOR ORDERS WON DURING THE YEAR

- 12 MLD water conveyance system for existing raw water system at Dariba Smelter Complex to Sindesar Khurd Mines, Rajasthan, valued at ₹ 960 lacs.
- CW/ACW piping and related civil works for 1x660 MW Harduaganj thermal power plant (Aligarh, U.P.), valued at ₹ 1,857 lacs.
- Additional ash water re-circulation from ash pond to plant at Ramagundam STPS for NTPC, valued at ₹ 1,442 lacs.
- Cooling water piping for Alstom at 3x660 MW Ghatampur thermal power project (UP), valued at ₹ 5,240 lacs.

₹ 114 Crores

Total automotive production capacity

69

Total distributor strength

Segmental revenue break-up

EPC

70.46%

₹ 5,524.72 lacs

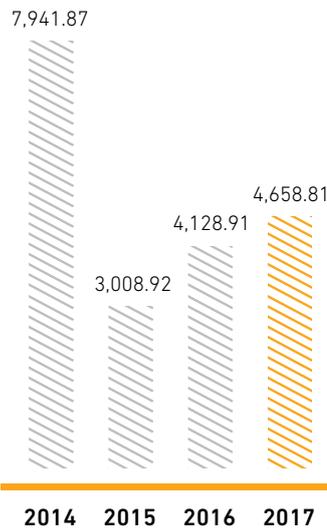
AUTOMOTIVE

29.54%

₹ 2,315.86 lacs

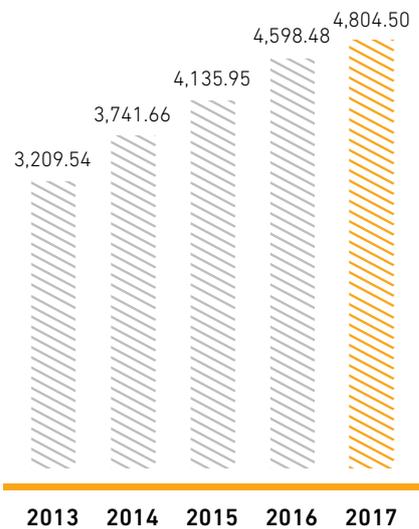
Market Capitalisation

(₹ in Lacs)



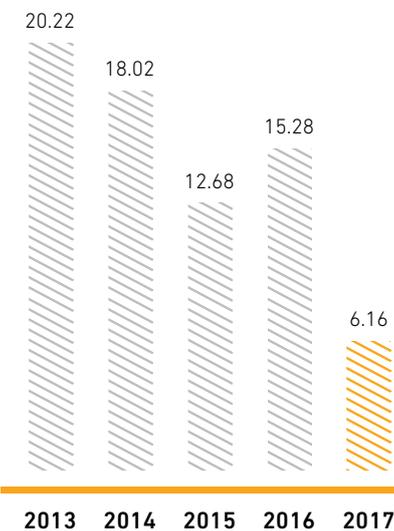
Net Worth

(₹ in Lacs)



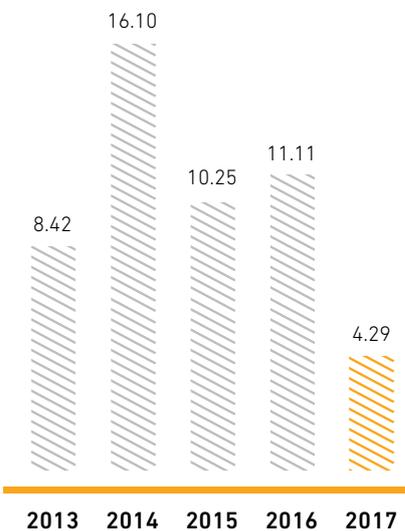
Earnings Per Share

(in ₹)



Return on Net Worth

(in %)



Board of Directors



Mr. Surinder P. Kanwar

Chairman and Managing Director

Mr. Surinder P. Kanwar is a Commerce Graduate from the University of Delhi. He has in-depth knowledge of the core business of the Company i.e. EPC contracting. He has a wide exposure to all aspects of the business of the Company and is engaged in supervising and conducting the business of the Company, along with a team of senior management personnel, who assist him in carrying out his activities, subject to the overall supervision and control of the Board. He is also the past President of the Automotive Components Manufacturers Association of India (ACMA).



Mr. Sachit Kanwar

Joint Managing Director

Mr. Sachit Kanwar is the youngest son of Mr. Surinder P. Kanwar. He has a Bachelor's Degree in Administrative Studies from York University, Atkinson Faculty of Liberal & Professional Studies, Toronto, Ontario, Canada. After completing his graduation in 2004, he worked as a Corporate Sales/Lease Portfolio Manager, Airport Kia, Toronto, Ontario, Canada, for four years, where he gained experience in fields such as dealership sales, lease portfolio management, fleet management sales and service management, etc.



Dr. Sanjeev Kumar

Director

Dr. Sanjeev Kumar is a Non-Executive Independent Director of the Company. He is a Post Graduate in Commerce, Ph.D., LL.B and PGDIPRL. He is also the fellow member of "The Institute of Company Secretaries of India" and "The Institute of Cost Accountants of India". He has over 32 years of experience in corporate and economic laws, corporate finance, accounts, costing, budgeting, MIS, systems, corporate affairs, merchant banking, mutual funds, etc.



Mr. N.V. Srinivasan

Director

Mr. N.V. Srinivasan is a Non-Executive Director of the Company. He is a Graduate in Mechanical Engineering. He has done MS in Industrial Engineering from the University of Illinois and is a MBA from the Graduate School of Business of the University of Pittsburgh in USA. He has a vast experience of 46 years.



Mr. P.K. Mittal

Director

Mr. P.K. Mittal is a Non-Executive Independent Director of the Company. He is a Commerce Graduate and LLB from the University of Delhi. He is also the fellow member of the Institute of Company Secretaries of India. He has over 34 years of experience in Central Excise Laws, Customs, Company Law, FEMA, etc.



Mr. Satya Prakash Mangal

Director

Mr. Satya Prakash Mangal is a Non-Executive Independent Director of the Company. He is a practicing Chartered Accountant, founder partner M/s Satya Prakash Mangal & Co. based at New Delhi. He has also served in various Companies as Member/Chairman of various Board Committees. He has rich experience in the matters related to Company Law, Income Tax, Project Appraisal, Management Audit, Risk Management, etc.



Mr. Gautam Mukherjee

Director

Mr. Gautam Mukherjee is a Non-Executive Independent Director of the Company. He is a Graduate from the Punjab University, Chandigarh. He has a vast experience in the field of banking, having worked with SBI, ICICI Bank & ING Vysya Bank. He also worked closely with Government of India agencies for promotion of awareness of futures trading among farmers as a tool for price discovery mechanism of food grains.



Ms. Seethalakshmi Venkataraman

Director

Ms. Seethalakshmi Venkataraman is a Non-Executive Independent Director of the Company. She has done Masters in Economics from the University of Delhi. She was a research associate with All India Management Association and Faculty Research Associate in Indian Institute of Management, Ahmedabad. She has also researched on the Introduction of Management Education in India (a Ford Foundation Project). She has also worked as Senior Manager (HRD) with NTPC Limited for over 20 years and also worked on Non Profit Management Modules for a Project for Getty Foundation, USA. She was a Member Secretary with the Sanskrit Foundation, New Delhi.



Mr. V.K. Pargal

Director

Mr. V.K. Pargal is a Non-Executive Independent Director of the Company. He is a qualified Chartered Engineer from England.

SENIOR MANAGEMENT



Mr. Rajan Malhotra

Chief Executive Officer



Mr. A.D. Jain

Vice President (Construction)



Mr. Ashwani Chaswal

Vice President (Sales and Marketing)



Mr. Shalesh Kumar

Chief Financial Officer

Corporate Information

BOARD OF DIRECTORS

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

Mr. Sachit Kanwar, *Joint Managing Director*

Mr. V.K. Pargal

Dr. Sanjeev Kumar

Mr. P.K. Mittal

Mr. Gautam Mukherjee

Mr. Satya Prakash Mangal

Mr. N.V. Srinivasan

Ms. Seethalakshmi Venkataraman

AUDIT COMMITTEE

Dr. Sanjeev Kumar

Mr. P.K. Mittal

Mr. V.K. Pargal

Mr. Satya Prakash Mangal

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. P.K. Mittal

Mr. Surinder P. Kanwar

Mr. Sachit Kanwar

NOMINATION & REMUNERATION COMMITTEE

Dr. Sanjeev Kumar

Mr. Surinder P. Kanwar

Mr. P.K. Mittal

Mr. Gautam Mukherjee

FINANCE COMMITTEE

Mr. P.K. Mittal

Mr. Surinder P. Kanwar

Mr. Sachit Kanwar

Dr. Sanjeev Kumar

SHARE ISSUE COMMITTEE

Dr. Sanjeev Kumar

Mr. Surinder P. Kanwar

Mr. Sachit Kanwar

Mr. P.K. Mittal

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Surinder P. Kanwar

Mr. Sachit Kanwar

Mr. P.K. Mittal

Mr. Satya Prakash Mangal

SENIOR MANAGEMENT

Mr. Rajan Malhotra, *CEO*

Mr. A.D. Jain

Mr. Ashwani Chaswal

Mr. Shalesh Kumar

AUDITORS

M/s V.P. Jain & Associates

COMPANY SECRETARY

Mr. Kaushal Narula

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

Management Discussion and Analysis

ECONOMIC OVERVIEW

Global Economy

During 2016, the global economy driven by subdued performance of advanced nations, realignments in Emerging Markets and Developing Economies (EMDEs), weak exports, declining productivity and geopolitical uncertainties witnessed slight resistance resulting in growth slowing to 3.1% compared to 3.4% in 2015.

However, in H2 2016, the scenario seemed to improve with strong rebound in economic activities of the advanced economies, recovery in manufacturing and declining inventory drag. The Brexit (the UK exiting European Union) and Donald Trump's election as the President of the USA are the major events during the year having the potential to shape the future of the global political and economic scenario.

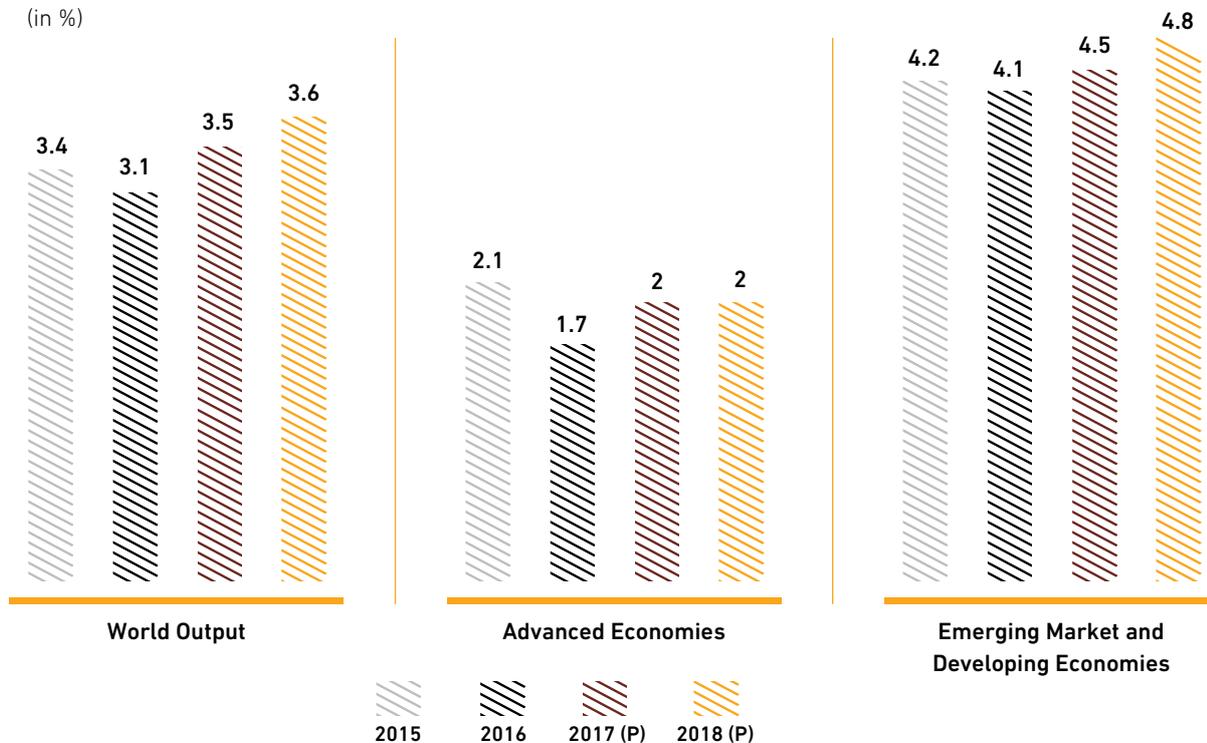
Among advanced economies, the growth declined to 1.7% compared to 2.1% in 2015 owing to weak performances in

the USA (led by low non-residential investments, decline in inventories, dollar appreciation, hurting exports and concerns of market volatility) and the UK (led by initial setbacks of Brexit). The US and UK economies grew by 1.6% and 2% respectively in 2016 against 2.6% and 2.2% respectively in 2015. Among the EMDEs, though the growth marginally declined from 4.2% in 2015 to 4.1% in 2016, the scenario across various countries remained diverse. China, the largest economy in the region, grew 6.7% against 6.9% in 2015. The country seemed to come out of the initial hitch of economic rebalancing driven by strong policy stimulus and investments. Performances of Brazil, Russia, Argentina and Saudi Arabia remained weak.

The outlook for the global economies remain positive with growth expected to be 3.5% in 2017 and 3.6% in 2018. The key factors expected to drive growth shall be improved financial sentiments, stabilizing interest rates and commodity prices and strengthening of major economies in EMDEs. (Source: IMF - World Economic Outlook, April 2017)

Global GDP growth rate

(in %)



(Source: IMF - World Economic Outlook, April 2017)

Indian Economy

The Indian economy continues to be one of the fastest growing major economies with a projected GDP growth of 7.1% in FY 2016-17 against 7.9% in FY 2015-16. The strong performance of the economy in the past few years is attributable to positive initiatives undertaken by the government and its commitment to fiscal targets. During the end of the fiscal, the country's inflation stood at 3.81%, fiscal deficit estimated at 3.5%, forex reserves at a high of ₹ 24,102.8 bn, while trade deficit declined to USD 105 bn compared to USD 118 bn last year. Of the three primary sectors, the services and industrial sector are expected to perform moderately with gross value added (GVA) growths projected at 8.8% and 5.2% respectively in FY 2016-17 against 9.9% and 8.2% respectively in 2015-16, while the agricultural sector recorded strong performance with GVA likely to grow 4.1% against 0.76% in FY 2015-16 driven by healthy monsoon post two years of drought.

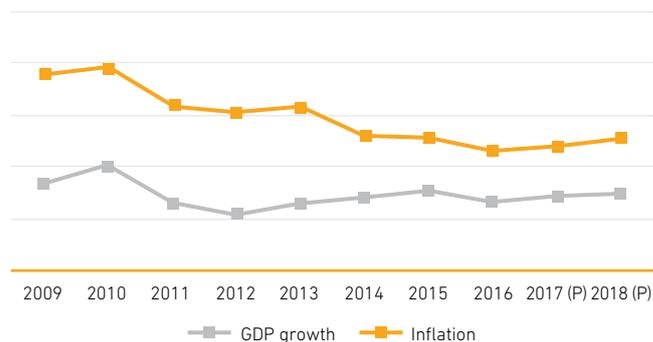
The repo rates further declined by another 50 basis points to 6.25%, its lowest levels since 2011. This shall play a crucial role in driving the economic growth and is a positive sign for the industry players, especially the ones in the construction, real estate and infrastructure sectors who are heavily burdened with debt. Besides, the initiatives by the government to check growth of shadow economy, enhancing "Ease of Doing Business" scenario, boosting digitalization, reducing bureaucracy to fast-track projects, implementing the Goods and Services Tax (GST) and targeting financial inclusion are expected to renew investor confidence in the country and further strengthen its fundamentals. There is a strong inclination towards bridging the country's infrastructure gap necessary for sustaining its economic momentum.

One of the defining moments for the economy in FY 2016-17 was the bold implementation of demonetization (government withdrawing 86% of currency in circulation) in Q3 FY 2016-17. This was a masterstroke aimed at tracking black money and having a check on the country's parallel economy, which by McKinsey estimates is nearly 26% of the country's GDP. Though in the short-term, it led to severe disruptions in the market with cash crunch and weak consumption, in the long run it is expected to benefit the economy by bringing the informal sector and parallel economy within the ambit of formal organized sector (which is likely to enhance contribution to GDP) and increase tax-payer base (which is likely to enhance tax collections).

As the country begins to acclimatize to the new developments, its short-term outlook is likely to remain moderate with slower than expected growth. However, in the long run, these initiatives are likely to improve regulatory, business and investment scenario in the country. As per the IMF, the Indian economy is expected to grow by 7.2% in FY 2017-18 and then pick up momentum growing up to 7.7% in FY 2018-19. (Source: *The Business Standard, Live Mint, Business Line, IMF*)

Indian GDP and inflation trend

(in %)



(Source: IMF)

Index of industrial production

(in %)

April 2016	-1.3
May 2016	1.3
June 2016	2.2
July 2016	-2.5
August 2016	-0.7
September 2016	0.7
October 2016	-1.9
November 2016	5.6
December 2016	-0.1
January 2017	3.3
February 2017	1.9
March 2017	2.7

(Source: MOSPI)

INDUSTRY OVERVIEW

Infrastructure sector

India's infrastructure sector, which is a key contributor to its GDP, is on a revival path with renewed focus from the government in terms of improving the regulatory scenario and enhancing investments. The Union Budget FY 2017-18 recorded the highest-ever allocation to the infrastructure sector at ₹ 3,96,135 crores (including ₹ 1.31 lakh crores for the railways). Despite this, the country's infrastructure investment is comparatively low considering its requirements. As per the Asian Development Bank's (ADB) 'Meeting Asia's Development Needs' report, India spends a mere USD 118 bn on infrastructure each year compared to USD 686 bn by China. The report further states that India would require investments to the tune of USD 4,363 bn during 2016 to 2030 towards infrastructure development.

As per Sh. Arun Jaitley, the Finance Minister of India, the country's unmet need for investment in infrastructure over the next five years is estimated at USD 646 bn. Of this, nearly 70% would be towards power, roads and urban infrastructure. He further stated that the economic reforms would be a continuous process and gain more momentum in the coming years focused on pushing growth and attracting infrastructure investment. (Source: *The Livemint*)

Apart from rising allocations, there is a clear direction towards fast-tracking all stuck projects and reducing various red tapes that posed hindrance. Besides, the improving policy framework, rising focus on public private partnerships (PPP), better selection procedures, lower interest rates and GST implementation would make infrastructure sector more facilitative for players. (Source: Asian Development Bank)

Union Budget FY 2017-18 highlights for infrastructure sector

- Focus on multi-modal logistics and transport system
- Approval for second phase of solar power development aimed at 20,000 MW power generations
- Proposed duty cuts on raw materials for manufacturing solar modules, biogas plants and wind turbines
- PPP mode for airport development in tier-II cities
- New metro rail policy for innovative methods of financing
- Affordable housing to be accorded for infrastructure status
- Focus on amending the Arbitration and Conciliation Act, 1996 for streamlining institutional arrangements to effective resolution of infrastructure-related projects

Power sector

The fiscal 2016-17 turned out to be an important landmark for India's power sector as it emerged for the first time as the net exporter of electricity reflecting a turnaround in the sector. As on 31 March, 2017, the country had a total power generating capacity of 319.61GW (218.33GW thermal, 44.48GW hydro, 6.78GW nuclear and 50.02GW renewable energy). The total electricity generated during the year was 1,159.84 billion units with a plant load factor (PLF) of 60.01% against 1,107.82 billion units in FY 2015-16 with a PLF of 62.29%. Despite this, the key issue for the power sector is the high peak power shortage of 1.6%, transmission and distribution loss rate of nearly 23% (which goes up to 50% for some states) and debt stress of the conventional thermal power plants. The Cabinet has cleared funds amounting to ₹ 10,000 crores to revive coal-fired plant having a cumulative capacity of 30,000 MW.

The Government of India (GoI) focused on its ambitious journey towards power for all which has accelerated capacity additions and targets to add 175 GW of renewable energy (including 100 GW for solar and 60 GW for wind) by 2022. For FY 2017-18, the goal is targeted to increase power generation by 50 billion units (BU) to 1,229.4 BU and intends to double the same to two trillion units by 2019 which can only be achieved by doubling capacity. Over the next 10 years, various domestic and international companies have committed to invest USD 310-350 bn for adding 266 GW of renewable energy capacity. The Ministry of Power expects the Indian Power Sector to have an investment potential of USD 225 bn in the next 4-5 years. (Source: Indian Brand Equity Foundation, Ministry of Power)

Water sector

India's current water availability is pegged at 1,123 bcm (billion cubic meters) against an annual consumption of 702 bcm.

However, over the next decade, the consumption of water from industrial and domestic sectors is likely to double and that from the agriculture sector to rise sharply. With rapid growth in demand, declining fresh water resources and little wastewater treatment capacities, the country is set to face severe water crisis in the future. India's annual water demand is expected to rise to 843 bcm in 2025 and then to 1,180 bcm in 2050, while the wastewater generated from urban and rural centers is likely to double to 120,000 million litres per day (MLPD) and 50,000 MLPD respectively by 2051. Techsci, estimates the market for wastewater treatment plants to grow at an estimated CAGR of 12% during 2016 to 2021. (Source: World Bank data, Yes Bank – Water: The next sustainability frontier report, PWC report)

In view of the appalling water scenario, the government increased its budgetary allocation to the water sector by 11% to ₹ 6,887 crores, of which ₹ 2,250 crores will be towards Namami Gange program. Additionally, a sum of ₹ 25,000 crores under a special scheme has been allocated to provide clean and safe drinking water to nearly 66,700 habitations facing health problems owing to presence of arsenic and fluorides in drinking water. Apart from this, there are huge opportunities from the upcoming '100 smart cities' and new desalination projects. (Source: India Water Review February 2017, Press Information Bureau)

Automotive sector

The total vehicles production in the country increased by 5.41% from 24.02 million (mn) vehicles in FY 2015-16 to 25.32 mn vehicles in FY 2016-17, while sales increased by 6.81% from 20.47 mn vehicles in 2015-16 to 21.86 mn vehicles in FY 2016-17. The sales of passenger vehicles, commercial vehicles and two-wheelers witnessed a growth of 9.23%, 4.16% and 6.89% respectively, while that of three-wheelers declined by 4.93%. Within the commercial segment, the sales of Medium & Heavy Commercial Vehicles (M&HCVs) marginally increased by 0.04% and that of Light Commercial Vehicles grew by 7.41%. (Source: Society of Indian Automobile Manufacturers)

The country's automobile industry is likely to witness positive developments post favorable initiatives in FY 2017-18 Union Budget which include:

- Reduction in corporate tax rate for MSMEs for providing tax relief to automobile component manufacturers in tier 2 and 3 cities
- Reduction in personal income tax at lower income level that is likely to boost personal consumption and benefit passenger vehicle segment
- Allocation of ₹ 175 crores towards funding of the electric & hybrid vehicle program, through FAME scheme (Source: Society of Indian Automobile Manufacturers)

As per ACMA (Automotive Components Manufacturers Association) the automotive aftermarket valued at ₹ 56,098 crores (USD 8.4 billion) in FY 2016-17 is expected to grow at a compounded rate of 10.5% and reach ₹ 75,705 crores (USD 13 billion) by FY 2019-20. The key development in the industry has been the significant

reduction in penetration of counterfeit auto components from 36% in FY 2010-11 to 5% in FY 2016-17. The overall revenues from the automotive components is likely to grow from USD 39 billion in FY 2015-16 to USD 200 bn by 2026 with exports value of USD 70 bn.

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 specializes in piping, fuel oil handling and storage systems. While in the auto components business, it is into manufacture of aftermarket automotive clutches for commercial vehicles.

PERFORMANCE REVIEW

Raunaq EPC International Limited (REIL)

In FY 2016-17, REIL's revenues declined 56% from ₹ 129.11 crores in FY 2015-16 to ₹ 56.96 crores in FY 2016-17. While EBITDA and PAT declined 47% and 60% to ₹ 6.22 crores and ₹ 2.06 crores respectively. 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 three years. However, the key development during the year has been the receipt of new orders to the tune of ₹ 101.61 crores. This includes orders from prestigious multinational clients like Toshiba JSW Power System worth ₹ 18.57 crores for cooling water (CW) and auxiliary cooling water (ACW) piping system at 1x660 MW Haridwar thermal power plant (Uttar Pradesh) and Alstom Bharat Forge Power (wholly-owned subsidiary of GE, USA) worth ₹ 52.40 crores for CW piping system at 3x660 MW Ghatampur thermal power plant (Uttar Pradesh). Other orders include a 12 MLD Water Conveyance System for existing raw water system at Dariba Smelter Complex to Sindesar Khurd Mines, Rajasthan, valued at ₹ 9.60 crores, additional Ash Water Re-circulation from Ash Pond to Plant at Ramagundam STPS for NTPC, valued at ₹ 14.42 crores. With this, the Company's total order book position as on 31 March, 2017 stood at ₹ 105.22 crores, providing it revenue visibility for the coming years.

In terms of execution, some of the major projects that the Company successfully worked on during FY 2016-17 include:

- Circulating water (CW) system and raw water (RW) piping system package for 3x660 MW thermal power project at Lalitpur, UP
- Miscellaneous tanks package for L&T at 2x660 MW Chhabra thermal power station
- Seepage water recirculation system package for Indira Gandhi super thermal power project, (3x500MW), Jhajjar, Haryana
- LP Piping/CW Piping for DVC at 2x660MW Raghunathpur thermal power plant, West Bengal

Xlerate Driveline India Limited (XDIL)

In FY 2016-17, XDIL's revenues increased by 3.80% from ₹ 25.75 crores in FY 2015-16 to ₹ 26.73 crores in FY 2016-17.

The decline in sales is primarily attributable to demonetisation that impacted sales in the Q3 and Q4 of FY 2016-17. XDIL continued to face losses with negative EBITDA and PAT of ₹ 0.32 crore and ₹ 1.68 crores respectively. One of the key reasons attributable to the losses is the fact that the Company primarily operates in the aftermarket segment which is typically a volume business. With the Company being new in the business, its business volume is yet to scale resulting in higher overhead costs per unit production.

During the year, the Company received a major breakthrough as it received approval for becoming an OEM (Original Equipment Manufacturer) and OES (Original Equipment Supplier) of commercial clutches for a major commercial segment player. This would provide the Company the much-needed volume growth, steady business inflow and better cash flows which in turn would enable it to reduce 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 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 also intends to enter the international arena by aggressively 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 the highest volume opportunity.

RISKS AND CONCERNS

Macroeconomic risk: A downturn in the macroeconomic scenario along with unfavorable regulatory policies can negatively impact business.

Mitigation: The current macroeconomic scenario of the country remains strong with interest rates and inflation being under control leading to favorable 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.

Inflation risk: Even as the RBI brings in tight monetary policies, India continues to have supply side issues that cannot cater to its growing demand. Consequently, while there has been some easing, inflation continues to be at a fairly high level. This results in increase in operating costs for the Company particularly in terms of input material and wage costs to meet this inflationary environment.

Mitigation: This kind of risk can be offset by operational efficiency and timely execution of projects.

Competition risk: The rising competition within the EPC space may compel the Company to bid lower prices resulting in substantial pressure on the margins.

Mitigation: The Company's brand value, successful track record and focus on quality and timely delivery of projects give it a competitive edge over others. Moreover, its vast experience, technology investments and competent workforce enable it to effectively manage 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 adequately invests in procuring modern equipment that enhances productivity at project sites. It has also invested in sophisticated IT infrastructure facilitating 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 timeframe.

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 the client involved to ensure that its balance sheet remains stress-free. Further, it is equipped with advanced project management software that facilitates effective management of each project, while keeping track of the cash flows as per scheduled delivery. 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 received approval for OEM and OES from a major commercial player 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 the 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 organization 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 the following measures:

- The Company is employed with the latest upgraded equipment and other state-of-the-art technology and takes adequate insurance coverage to protect its construction equipment 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 upgradations

Country risk: Your Company is trying to extend its product range and services in foreign territory. So it becomes an utmost priority to evaluate country-related risk before making any substantial investment commitments. The study of country-related risk also becomes 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 the future. It is the most significant risk which the management of the Company considers as challenge because it is associated with

the 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 a 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 follows 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 & organizes 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, 2017, the Company had a total of 133 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.



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 under the link: 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, the Company has not spent on CSR activities during the year 2016-17.

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.

Board's Report

(Section 134 Of The Companies Act, 2013)

To The Members

Raunaq EPC International Limited

Your Directors have pleasure in presenting the 52nd 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, 2017.

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, 2017	Year ended 31 March, 2016
Revenue from Operations and Other Income	8021.37	15141.96
Profit before Finance Cost and Depreciation	589.99	1167.71
Finance Cost	333.35	407.84
Depreciation	143.95	139.60
Profit Before Tax	112.69	620.27
Less: Tax Expense	75.49	241.25
Profit After Tax	37.20	379.02

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

(₹ in Lacs)		
Standalone		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Revenue from Operations and other income	5696.41	12911.41
Profit before Finance Cost and Depreciation	622.49	1165.91
Finance Cost	265.14	340.45
Depreciation	73.33	70.76
Profit Before Tax	284.02	754.70
Less: Tax Expense	78.00	243.88
Profit After Tax	206.02	510.82

Surplus in Statement of Profit and Loss

Opening balance	2575.78	2213.25
Add: Profit for the year	206.02	510.82
Less:		
Proposed Dividend-Equity	-	40.12
Tax on distributed profits	-	8.17
Transferred to General Reserve	-	100.00
Closing Balance	2781.80	2575.78

Dividend

In view of inadequate profits for the year, your Directors have decided not to recommend any dividend on equity shares of the company for the year ended 31 March, 2017.

Business Operations

During the year under review, the sales and other income of the Company on Standalone basis was ₹ 5,696.41 Lacs against ₹ 12,911.41 Lacs in the previous year. The profit after tax (PAT) is ₹ 206.02 Lacs against ₹ 510.82 Lacs in the last year.

The sales and other income of the Company on Consolidated basis in the year 2016-17 was ₹ 8,021.37 Lacs against ₹ 15,141.96 Lacs in the previous year and the profit after tax (PAT) is ₹ 37.20 Lacs against ₹ 379.02 Lacs in the last year.

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 three 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 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 also intends to enter the international arena by aggressively 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 Accounting Standard-21 issued by the Institute of Chartered Accountants of India and have been provided in the Annual Report. These Consolidated Financial Statements provide financial information of your Company and its subsidiary as a single economic entity.

Indian Accounting Standards (Ind AS) IFRS Converged Standards

Pursuant to the notification of the Companies (Indian Accounting Standards) Rules, 2015 by the Ministry of Corporate Affairs (MCA) on 16 February, 2015, the Company has adopted Indian Accounting Standards (IND AS) with effect from 01 April, 2017.

For implementation of IND AS, the Company has established a dedicated team and allocated considerable resources. The impact of the transition of IND AS has been assessed and the Company is ready to adopt new accounting standards IND AS.

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, 2017 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

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 2016-17, the members of the Company, at their Annual General Meeting held on 03 August, 2016 approved:

- re-appointment of Mr. Sachit Kanwar as Joint 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 June, 2016 on the terms and conditions including remuneration payable to him for a period of 3 (Three) years w.e.f. 01 June, 2016;
- appointment of Mr. P.K. Mittal as Non-Executive Independent Director of the Company in terms of provisions of Section 149 of the Companies Act, 2013 for a period of 5 (Five) Years upto the conclusion of the 56th Annual General Meeting (AGM) of the Company in the Calendar year 2021;
- 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.

The tenure of Mr. Surinder P. Kanwar as Managing Director of the Company is expiring on 30 September, 2017. Further to his willingness to be re-appointed, the Board of Directors has proposed the re-appointment of Mr. Surinder P. Kanwar as Managing Director and designate him as Chairman cum Managing Director of the Company for a further period of 5 (Five) years w.e.f. 01 October, 2017 on a token remuneration of Rupee One per month, in their meeting held on 26 May, 2017.

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 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 the Directors proposed to be appointed/ re-appointed is given in the notice calling the Annual General Meeting.

Number of Meetings of the Board

During the financial year 2016-17, 4 (Four) Board Meetings were held on the following dates:

- 27 May, 2016;
- 03 August, 2016;
- 26 October, 2016; and
- 01 February, 2017

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 Compliance Officer of the Company at the meeting of the Board of Directors held on 26 May, 2017 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 2016-17 are available on the official website of the Company i.e. www.raunaqinternational.com under the link i.e. <http://www.raunaqinternational.com/pdf/details-of-familiarization-programme-for-independent-director-FY-16-17.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 under the link 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 that of its committees 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, 2017 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 P. Kanwar | Chairman & Managing Director |
| 2. Mr. Sachit Kanwar | Joint Managing Director |
| 3. Mr. Rajan Malhotra | Chief Executive Officer |
| 4. Mr. Shalesh Kumar | Chief Financial Officer |
| 5. Mr. Kaushal Narula | Company Secretary |

No Key Managerial Personnel (KMP) of the Company has resigned during the financial year ended 31 March, 2017.

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

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & 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.

The CSR Committee comprises of Mr. Surinder P. Kanwar, Mr. Sachit Kanwar, Mr. P.K. Mittal and Mr. Satya Prakash Mangal.

As per the provisions of the said Section, an amount of ₹ 15.13 Lacs was required to be spent on CSR activities by the Company during the financial year 2016-17.

The management explained that due to the tough financial conditions resulted out of long customers outstanding, the Company has not spent on CSR activities during the year 2016-17.

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, Mr. P.K. Mittal and Mr. Satya Prakash Mangal. There is no change in the composition of the Committee during the year under review.

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 under the link 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. However, in terms of provisions of Section 205C of the Companies Act, 1956, the Unclaimed Final Dividend pertaining to the Financial Year 2008-09 amount aggregating to ₹ 1,16,455.00 (Rupees One Lakh Sixteen Thousand Four Hundred Fifty Five Only) had been transferred to the “Investor Education and Protection Fund” established by the Central Government.

Further, 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.

The unclaimed dividend for the year 2009-10 is proposed to be transferred to the Investor Education and Protection Fund (IEPF) on 20 August, 2017 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 2009-10 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 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.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. However, the Ministry of Corporate Affairs (MCA) will issue fresh instructions regarding "Transfers of Shares to IEPF Authority" in due course of time.

Auditors

The Statutory Auditors M/s V.P. Jain & Associates, Chartered Accountants (ICAI Registration No. 015260N), had been appointed as Statutory Auditors of the Company in the 49th Annual General Meeting held on 29 August, 2014 for a period of 3 (Three) years in terms of provisions of Section 139 of the Companies Act, 2013 to hold office from the 49th AGM to the 52nd AGM in the Calendar Year 2017 (subject to ratification by the members at every Annual General Meeting). Accordingly, the tenure of M/s V.P. Jain & Associates, Chartered Accountants as Statutory Auditors of the Company upto financial year 2016-17 shall conclude in the ensuing Annual General Meeting.

The Board of Directors place on record its appreciation for the services rendered by M/s V.P. Jain & Associates during their tenure as Statutory Auditors of the Company.

Further, the Board recommends the appointment of M/s B.R. Maheswari & Co. LLP, Chartered Accountants (Regn No. 001035N) as the Statutory Auditors of the Company in terms of provisions of Section 139 of the Companies Act, 2013 for the approval of members in the ensuing Annual General Meeting, to

hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the fifth consecutive Annual General Meeting in the year 2022 (subject to the ratification by members at every Annual General Meeting). Certificate from the Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013.

Report on Financial Statements

The report of M/s V.P. Jain and Associates (ICAI Registration No. 015260N), Chartered Accountants, the Statutory Auditors of the Company on the financial statements of the Company for the year ended 31 March, 2017 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, Practising Company Secretaries, New Delhi as Secretarial Auditor for the Financial Year 2016-17 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, 2017 in the prescribed Form MR-3 of the Companies (Appointment & 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.

Internal Financial Controls and their Adequacy

Raunaq EPC International Limited has a proper and adequate system of internal financial controls which includes the policies and procedures 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. During the year, such controls were tested and no material weakness in the design or operations were observed.

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 Statutory Auditors, M/s V.P. Jain & Associates, 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 under the link 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 a 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 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 earnings and outgo during the year under review are as follows:

Particulars	₹ in Lacs	
	2016-17	2015-16
Foreign Exchange Earned	-	-
Foreign Exchange Used	11.10	13.29

Extract of Annual Return

In terms of provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the Company in Form MGT-9 of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure-“G”** to this report.

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 P. Kanwar

Chairman and Managing Director

DIN: 00033524

Place: New Delhi

Dated: 26 May, 2017

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, 2016	Transaction value not exceeding ₹ 1.00 Crore	NA	-
2.	Vibrant Finance & Investment Private Limited (VFIPL), Company within the Group	Lease Agreement between the Company and VFIPL for using a portion of office premises of VFIPL situated at A-3, Greater Kailash-1, New Delhi, 110048 with area admeasuring 905 Sq. Ft. (Nine Hundred Five Square Feet)	3 (Three) Years with effect from 01 April, 2016	The monthly lease rent in respect of the said premises is ₹ 40,000/- (Rupees Forty Thousand Only i.e. ₹ 44.20 per Square Feet)	NA	-
3.	Bharat Gears Limited (BGL), Company within the Group	Lease agreement between the Company and BGL for using a portion of the leasehold office premises of BGL, situated at 1009, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi area admeasuring 25 Sq. Ft. (Twenty Five Square Feet)	3 (Three) Years with effect from 16 May, 2016	The monthly lease rent in respect of the said premises is ₹ 4,600/- (Rupees Four Thousand Six Hundred Only i.e. ₹ 184.00 per Square Feet)	NA	-

For and on behalf of the Board of Directors



Surinder P. Kanwar
Chairman and Managing Director
DIN: 00033524

Place: New Delhi
Dated: 26 May, 2017

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 other 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 Members
1.	Dr. Sanjeev Kumar, Chairman (Independent Director)
2.	Mr. Surinder P. 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 (Formerly Known as Raunaq 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 as may be prescribed under the applicable statutory provisions/regulations.
- **Senior Management** means who are members of 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 PERSONNEL

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 and further amended on 27 May, 2016 with respect to the change of name of the Company and applicability of the Regulations.

For Raunaq EPC International Limited



Surinder P. Kanwar
Chairman and Managing Director

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

1. 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 2016-17:

S. No.	Name of the Director	Ratio of Remuneration of Director to median remuneration of employees
1.	Mr. Sachit Kanwar Joint Managing Director	28.06

Other directors are being paid with sitting fees only, details of which are mentioned in the extract of Annual Return in the Board's Report.

2. 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 2016-17
1.	Mr. Sachit Kanwar Joint Managing Director	(1.27)
2.	Mr. Rajan Malhotra Chief Executive Officer	4.17
3.	Mr. Shalesh Kumar Chief Financial Officer	3.54
4.	Mr. Kaushal Narula Company Secretary	9.86

3. Percentage increase in the remuneration of the median employee is (1.12)% in the Financial Year 2016-17.
4. There were 133 permanent employees on the rolls of the Company as on 31 March, 2017.
5. The average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2016-17 was (1.00)% and average percentage increase in the managerial remuneration of persons referred in point no. 2 is 1.00% in the financial year 2016-17.
6. It is affirmed that the remuneration paid is as per the Remuneration policy for Directors, Key Managerial Personnel and other Employees.

For Raunaq EPC International Limited



Surinder P. Kanwar

Chairman and Managing Director

DIN: 00033524

Place: New Delhi

Dated: 26 May, 2017

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, 2017**

S. No.	Name	Age in Years	Qualification	Designation	Date of Commencement of Employment	Years of Exp.	Remuneration (₹ in Lacs)	Particulars of Last Employment	Percentage of Shareholding in the Company
A. Top Ten Employees of the Company in terms of remuneration drawn for the year ended 31 March, 2017.									
1.	Sachit Kanwar	34	B.A. (Eco.)	Joint Managing Director	23.03.2009	13	93.05	Lease Portfolio Manager-Airport Kia Toronto Ltd.	0.00
2.	Rajan Malhotra	59	B.E.	CEO	08.11.2005	38	42.51	Utility Power Tech Ltd.	0.00
3.	Ashwani Chaswal	60	B.E.	V.P.-Sales	01.06.1992	39	35.94	BST Mfg. Ltd.	0.00
4.	A.D. Jain	60	B.Tech - Civil	V.P.- Construction	09.07.1979	38	35.81	The Cementation Construction Co. Ltd.	0.00
5.	Sanjay Srivastava	46	B.E. (Mech)	DGM-Projects	27.04.2015	21	20.98	BSBK Engineers Private Ltd.	0.00
6.	S.C. Saxena	61	DME	CPM-Projects	07.07.2008	39	16.97	India Oiltanking Ltd.	0.00
7.	Nitin Jain	55	DME	DGM-Sales	01.12.2006	32	16.85	AL Hassan Engineering Co.	0.00
8.	Jyotsana Dhaka	53	B.E.(Chem)	AGM-Design	01.12.2011	31	15.34	Indian Oiltanking Design & Engineering Ltd.	0.00
9.	Vipin Kumar	55	DME	AGM-Projects	01.02.2006	36	14.48	Tyco Valves & Controls India Private Ltd.	0.00
10.	Shalesh Kumar	42	B.Com, C.A.	CFO	18.12.2009	14.5	13.12	Indag Rubber Ltd.	0.00
B. Employed throughout the year ended 31 March, 2017 & were in receipt of Remuneration aggregating not less than ₹ 1,02,00,000/- per annum. Nil									
C. Employed for the part of the year ended 31 March, 2017 & were in receipt of Remuneration aggregating not less than ₹ 8,50,000/- per month. Nil									
D. 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. Nil									

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 P. Kanwar, Chairman & Managing Director of the Company.
- Appointment of Mr. Sachit Kanwar is on Contractual basis.

For Raunaq EPC International Limited



Surinder P. Kanwar
Chairman and Managing Director
DIN: 00033524

Place: New Delhi
Dated: 26 May, 2017

Annual Report on CSR activities for the Financial Year 2016-17

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 P. Kanwar Chairman Mr. Sachit Kanwar Member Mr. P.K. Mittal Member Mr. Satya Prakash Mangal Member	
3.	Average net profit of the company for last three financial years	₹ 756.72 Lacs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above) 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:	₹ 15.13 Lacs ₹ 15.13 Lacs ₹ 15.13 Lacs

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 ograms 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		
TOTAL							

*Give details of implementing agency.

6. During the Financial Year 2016-17, the management of the Company has formed the view that due to the tough financial conditions resulted out of long customers outstanding, the Company has not spent on CSR activities during the year 2016-17.
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 P. Kanwar
Chairman of CSR Committee
DIN:00033524



Sachit Kanwar
Joint Managing Director
DIN:02132124

Place: New Delhi
Dated: 26 May, 2017

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

[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
(Formerly known as Raunaq International Limited)
(CIN: L51909HR1965PLC034315)
20, K.M. Mathura Road, P.O. Amar Nagar,
Faridabad-121003, Haryana

I 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 (Formerly known as Raunaq International Limited) having CIN: L51909HR1965PLC034315 (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2017, 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.

I 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 2017 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).
 - Income Tax Act, 1961.
 - Indian Contract Act, 1872.
 - Indian Stamp Act, 1999.
 - Limitation Act, 1963.
 - Negotiable Instruments Act, 1981.
 - 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.
 - Works Contract Tax Laws.
 - Environmental and Pollution Laws.
 - Information Technology Act, 2000.

I 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, I 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.

I 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.

I 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.

I further report that I 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: 16/05/2017

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

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 2016-17;
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 2016-17;
9. Due-Diligence report;
10. Policy document approved by the Board/committee in respect of Directors/Independent Directors, Code of Conduct, Vigil Mechanism, Related Party Transactions, Whistle Blower, 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 Auditor;
 - Internal Auditor; &
 - Tax Auditor
13. Statutory Registers including:-
 - Register of Contracts or Arrangements in which directors are interested under Section 189 of the Companies Act, 2013 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) of the Companies Act, 2013 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 of the Companies Act, 2013 applies;
 - Register of Directors, Key Managerial Personnel and their shareholding under Section 170 of the Companies Act, 2013 and Rule 17 of the Companies (Appointment and Qualification of Directors) Rules, 2014;
- Register of charges under Section 85 of the Companies Act, 2013 and Rule 10 of the Companies (Registration of Charges) Rules, 2014;
- Register and Index of Members under Section 88 of the Companies Act, 2013 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 of the Companies Act, 2013 and Rule 7 of the Companies (Management and Administration) Rules, 2014.
14. Minute books and Attendance Register of General Meeting, Board meetings and Committee Meetings under section 118 of the Companies Act, 2013;
15. All e-forms and returns during the Financial Year 2016-17 filed with ROC with respective receipts/challans and fees paid;
16. Evidence of dispatch of notices of meeting;
17. Agenda papers;
18. Newspaper cutting of notice of closure of register of members;
19. Copies of notices of Annual General Meeting and explanatory statement and Newspaper cutting of public notice of Annual General Meeting;
20. Dispatch register of Annual General Meeting notice;
21. Proxies lodged for general meetings, ballot papers, scrutinizer report;
22. Resolutions received from other company/companies who are shareholders and from whom resolutions for their authorized representatives have been received by the company;
23. Copies of Form MBP-1 received from all directors under section 184 at the first meeting of the Board in financial year 2016-17 and during the FY whenever there is any change in the disclosures already made;
24. Relevant documents in respect of dividend paid;
25. Relevant documents for dividend transferred to unpaid dividend account;
26. Agreement with courier or posting agents for dispatch of annual reports, notices to members/depositors/debenture-holders;
27. Agreement with RTA and RTA report in respect of various matters handled by them on behalf of the company;
28. Director's retirement by rotation table;

ANNEXURE-“B”

29. Details of Project Site/Branch Office/Factories/Works during the FY 2016-17;
30. Copies of all letters sent to and received from the stock exchange on which the company's securities are listed;
31. Copies of all disclosures received by the company under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
32. Copies of all returns and forms filed with SEBI and stock exchange under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
33. Copies of shareholding pattern filed with stock exchange as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
34. Copies of all communication with regard to SEBI (Prohibition of Insider Trading) Regulations, 2015 as per Companies Insider Trading Code;
35. List of Contracts executed by the Company during the FY 2016-17 including any amendment/modification therein;
36. Compliance records under the Depositories act, 1996 and the regulations framed under the Act;
37. Sample check basis:
 - VAT
 - Service Tax
 - Work Contract Tax
 - Labour Laws

For AK JHA & ASSOCIATES
COMPANY SECRETARIES



(Anant Kumar)

Membership No. 7324

Certificate of Practice No.7834

PLACE: New Delhi
DATE: 16/05/2017

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. Wherever 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: 16/05/2017

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN : L51909HR1965PLC034315
- (ii) Registration Date : 24 April, 1965
- (iii) Name of the Company : Raunaq EPC International Limited
- (iv) Category/Sub-Category of the Company : Public Limited Company
- (v) Address of the Registered office and contact details : 20 K.M. Mathura Road, P.O. Amar Nagar
Faridabad-121003, Haryana
Ph: 0129-4288888
Fax: 0129-4288822-23
E-mail: info@raunaqintl.com
- (vi) Whether listed company Yes/No : Yes
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Linkintime 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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

S. no.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Civil Engineering	422- Construction of Utility Projects	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Xlerate Driveline India Limited Shed No. 1, Gurukul Industrial Estate, Sarai Khwaja, P.O. Amar Nagar, Faridabad-121003, Haryana	U35990HR1995PLC050123	Wholly Owned Subsidiary Company	100%	Section 2(87)

IV. SHARE HOLDING PATTERN:

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1866695	19935	1886630	56.43	1466695	19935	1486630	44.47	(11.96)
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	361325	0	361325	10.81	761325	0	761325	22.77	11.96
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other...	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	2228020	19935	2247955	67.24	2228020	19935	2247955	67.24	0.00
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other...	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	2228020	19935	2247955	67.24	2228020	19935	2247955	67.24	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	217	217	0.01	0	217	217	0.01	0.00
c) Central Govt/ State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
f) FIs	0	0	0	0.00	0	0	0	0.00	0.00
g) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
h) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	0	217	217	0.01	0	217	217	0.01	0.00
2. Non-Institutions									
a) Bodies Corp.									
I. Indian	72025	24740	96765	2.89	24663	24740	49403	1.48	(1.41)
II. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
I. Individual shareholders holding nominal share capital upto ₹ 1 lakh	244552	267122	511674	15.31	284298	242267	526565	15.75	0.44
II. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	408860	21875	430735	12.88	443418	21875	465293	13.91	1.03
c) Others (specify)									
I. Non-Resident Indians	7140	0	7140	0.22	3848	0	3848	0.12	(0.10)
II. Clearing Members	1818	0	1818	0.05	11891	0	11891	0.35	0.30
III. Hindu Undivided Families	46939	0	46939	1.40	38071	0	38071	1.14	(0.26)
Sub-total (B)(2):-	781334	313737	1095071	32.75	806189	288882	1095071	32.75	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	781334	313954	1095288	32.76	806189	289099	1095288	32.76	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	3009354	333889	3343243	100.00	3034209	309034	3343243	100.00	0.00

(ii) Shareholding of Promoters:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Late Dr. Raunaq Singh	19935	0.60	0.00	19935	0.60	0.00	0.00
2.	Mr. Surinder P. Kanwar	1866695	55.83	0.00	1466695	43.87	0.00	(11.96)
3.	Vibrant Finance and Investment Private Limited	116500	3.48	0.00	116500	3.48	0.00	0.00
4.	Gulab Merchandise Private Limited	244825	7.33	0.00	644825	19.29	0.00	11.96
Total		2247955	67.24	0.00	2247955	67.24	0.00	0.00

(iii) Change in Promoter's Shareholding (please Specify, if there is no change) in the total Shareholding of Promoters between 01 April, 2016 and 31 March, 2017:

S. No.	Name of Promoter	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Late Dr. Raunaq Singh	19935	0.60	01/04/2016	-	No change in shareholding		
				31/03/2017			19935	0.60
2.	Mr. Surinder P. Kanwar	1866695	55.83	01/04/2016				
				30/11/2016	400000(D)	Transfer	1466695	43.87
				31/03/2017			1466695	43.87
3.	Vibrant Finance and Investment Private Limited	116500	3.48	01/04/2016				
					-	No change in shareholding		
				31/03/2017			116500	3.48
4.	Gulab Merchandise Private Limited	244825	7.33	01/04/2016				
				30/11/2016	400000(I)	Purchase	644825	19.29
				31/03/2017			644825	19.29
I = Increase, D = Decrease								

(iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Subramanian P	14340	0.43	01/04/2016				
				14/10/2016	35890(I)	Purchase	50230	1.50
				02/12/2016	470(I)	Purchase	50700	1.52
2.	Rajiv Garg	9186	0.27	31/03/2017			50700	1.52
				01/04/2016				
				08/04/2016	814(I)	Purchase	10000	0.30
				24/06/2016	373(I)	Purchase	10373	0.31
				30/06/2016	2229(I)	Purchase	12602	0.38
				01/07/2016	17(I)	Purchase	12619	0.38
				08/07/2016	2381(I)	Purchase	15000	0.45
				15/07/2016	10000(I)	Purchase	25000	0.75
				22/07/2016	1000(I)	Purchase	26000	0.78
				19/08/2016	525(I)	Purchase	26525	0.79
				02/09/2016	525(I)	Purchase	27050	0.81
				09/09/2016	538(I)	Purchase	27588	0.83
				16/09/2016	50(I)	Purchase	27638	0.83
				23/09/2016	100(I)	Purchase	27738	0.83
				21/10/2016	95(I)	Purchase	27833	0.83
				28/10/2016	1798(I)	Purchase	29631	0.89
				04/11/2016	10162(I)	Purchase	39793	1.19
				11/11/2016	2707(I)	Purchase	42500	1.27
				18/11/2016	500(I)	Purchase	43000	1.29
				25/11/2016	270(I)	Purchase	43270	1.29
				02/12/2016	230(I)	Purchase	43500	1.30
				16/12/2016	153(I)	Purchase	43653	1.31
				23/12/2016	49(I)	Purchase	43702	1.31
				13/01/2017	188(I)	Purchase	43890	1.31
				20/01/2017	110(I)	Purchase	44000	1.32
				03/02/2017	342(I)	Purchase	44342	1.33
				10/02/2017	2985(I)	Purchase	47327	1.42
17/02/2017	173(I)	Purchase	47500	1.42				
17/03/2017	1054(I)	Purchase	48554	1.45				
31/03/2017	1376(I)	Purchase	49930	1.49				
3.	Raj Kumar Lohia	47804	1.43	01/04/2016				
				-	Nil Movement during the year			
4.	Anuj Mehra	29250	0.87	31/03/2017			47804	1.43
				01/04/2016				
				04/11/2016	250(D)	Transfer	29000	0.87
5.	Sanjay Chandrakumar Mehra	28994	0.87	31/03/2017			29000	0.87
				-	Nil Movement during the year			
6.	Jairaj Kayani	26250	0.79	01/04/2016				
				-	Nil Movement during the year			
7.	Divyanshu Aggarwal	0	0.00	31/03/2017			28994	0.87
				01/04/2016				
				24/03/2017	22500(I)	Purchase	22500	0.67
8.	Narinderjeet Kanwar	21875	0.65	31/03/2017			22500	0.67
				-	Nil Movement during the year			
9.	Viraj Aggarwal	0	0.00	01/04/2016			21875	0.65
				24/03/2017	22500(I)	Purchase	22500	0.67
				31/03/2017	1500(D)	Transfer	21000	0.63
10.	Amarnath Aggarwal & Sons HUF.	0	0.00	01/04/2016				
				24/03/2017	21000(I)	Purchase	21000	0.63
				31/03/2017			21000	0.63

I = Increase, D = Decrease

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
A. Directors								
1.	Mr. Surinder P. Kanwar	1866695	55.83	01/04/2016				
				30/11/2016	400000(D)	Transfer	1466695	43.87
				31/03/2017			1466695	43.87
2.	Mr. Sachit Kanwar	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
3.	Dr. Sanjeev Kumar	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
4.	Mr. V.K. Pargal	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
5.	Mr. P.K. Mittal	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
6.	Mr. N.V. Srinivasan	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
7.	Mr. Gautam Mukherjee	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
8.	Mr. Satya Prakash Mangal	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
9.	Ms. Seethalakshmi Venkataraman	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
B. Key Managerial Personnel (KMP's)								
1.	Mr. Rajan Malhotra Chief Executive Officer	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
2.	Mr. Shalesh Kumar Chief Financial Officer	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
3.	Mr. Kaushal Narula Company Secretary	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00

I = Increase, D = Decrease

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	492.36	-	-	492.36
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	492.36	-	-	492.36
Change in Indebtedness during the financial year				
• Addition	59.46	-	-	59.46
• Reduction (Repayment)	(91.98)	-	-	(91.98)
Net Change	(32.52)	-	-	(32.52)
Indebtedness at the end of the financial year				
i) Principal Amount	459.84	-	-	459.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	459.84	-	-	459.84

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lacs)

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Surinder P. Kanwar Chairman and Managing Director*	Mr. Sachit Kanwar Joint Managing Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	73.00	73.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.00	10.99	10.99
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission - as % of profit	0.00	0.00	0.00
5.	- others, specify...	0.00	9.06	9.06
	Others, Cos. Contribution to PF/SA	0.00	9.06	9.06
	Total (A)	0.00	93.05	93.05
	Ceiling as per the Act **	84.00**	84.00**	168**

* Token Remuneration of ₹ 1.00 (Rupee One) only per month paid to Mr. Surinder P. Kanwar, Chairman and Managing Director.

** Ceiling as per Schedule V of the Companies Act, 2013 ("the Act") (exclusive of perquisites specified in Part II of Section IV of Schedule V to the Act).

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors						(₹ in Lacs)	
		Dr. Sanjeev Kumar	Mr. P.K. Mittal	Mr. V.K. Pargal	Mr. Gautam Mukherjee	Mr. Satya Prakash Mangal	Ms. Seethalakshmi Venkataraman	Total Amount	
1.	Independent Directors								
	• Fee for attending board/committee meetings	0.75	1.14	0.92	0.40	0.97		0.46	4.64
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	0.75	1.14	0.92	0.40	0.97		0.46	4.64
2.	Other Non-Executive Directors	Mr. N.V. Srinivasan							
	• Fee for attending board/committee meetings	0.35	-	-	-	-	-	-	0.35
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	0.35	-	-	-	-		-	0.35
	Total (B)=(1+2)	1.10	1.14	0.92	0.40	0.97		0.46	4.99
	Total Managerial Remuneration								98.04*

Overall Ceiling as per the Act ₹ 1.00 Lacs sitting fees to a director per meeting of the Board or Committee

*Inclusive of Remuneration of Chairman and Managing Director, Joint Managing Director and sitting fees paid to other Directors.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

S. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Rajan Malhotra Chief Executive Officer	Mr. Shalesh Kumar Chief Financial Officer	Mr. Kaushal Narula Company Secretary	
1.	Gross salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	40.49	12.46	6.15	59.10
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.07	0.07	0.00	0.14
(c)	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00	0.00
	- as % of profit				
5.	- others, specify...				
	Others, Cos. Contribution to PF/SA	1.95	0.59	0.26	2.80
	Total	42.51	13.12	6.41	62.04

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

For and on behalf of the Board of Directors



Surinder P. Kanwar
Chairman and Managing Director
DIN: 00033524

Place: New Delhi
Dated: 26 May, 2017

CORPORATE GOVERNANCE REPORT

For the Year ended 31 March, 2017

[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 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.

2. GOVERNANCE STRUCTURE

The Company's Governance comprises a twofold 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, 2017, the Board consists of 9 (Nine) 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. All Non-Executive Independent Directors bring a wide range of expertise and experience to the Board. The Board believes that the current size of the Board is appropriate based on 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:-
- (i) 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;
- (ii) 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) a firm of Auditors or Company Secretaries in practice or Cost Auditors of the Company or its holding, subsidiary or associate company; or
- (B) 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, 2017, 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 ^A	No. of Memberships/ Chairmanships in Board Committees ^B	
						Member	Chairman
1.	^C Mr. Surinder P. Kanwar	Chairman and Managing Director	4/4	Present	2	1	-
2.	^C Mr. Sachit Kanwar	Joint Managing Director	4/4	Present	1	1	-
3.	^D Mr. P.K. Mittal	Non-Executive Independent Director	4/4	Present	-	1	1
4.	Dr. Sanjeev Kumar	Non-Executive Independent Director	4/3	Present	3	1	2
5.	Mr. V.K. Pargal	Non-Executive Independent Director	4/4	Present	2	3	-
6.	Mr. Gautam Mukherjee	Non-Executive Independent Director	4/3	Absent	2	1	1
7.	Mr. N.V. Srinivasan	Non-Executive Director	4/3	Present	-	-	-
8.	Mr. Satya Prakash Mangal	Non-Executive Independent Director	4/4	Present	2	2	2
9.	Ms. Seethalakshmi Venkataraman	Non-Executive Independent Director	4/4	Present	-	-	-

^Aexcluding directorship in Private Limited Companies, Alternate Directorship, Companies registered under Section 8 of the Companies Act, 2013 and Foreign Companies.

^BFor 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.

^CMr. Surinder P. 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.

^DMr. P.K. Mittal is also providing professional/consultancy service to the Company in his individual capacity. Professional fees paid to him for the year 2016-17 is ₹ 2,05,000/- (Rupees Two Lakhs Five 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).

The terms of appointment of the Directors appointed at the Annual General Meeting of the Company held on 03 August, 2016 are available on the website of the Company i.e. 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 2016-17 are available on the official website of the Company i.e. www.raunaqinternational.com under the link: <http://www.raunaqinternational.com/pdf/details-of-familiarization-programme-for-independent-director-FY-16-17.pdf>.

B. Board Meetings

During the financial year 2016-17, 4 (Four) 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:-

- 27 May, 2016;
- 03 August, 2016;
- 26 October, 2016; and
- 01 February, 2017

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 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 4 (Four) 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

In addition to the Members of the Audit Committee, the Chief Executive Officer, 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.

The 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 acted as Secretary to the Audit Committee Meetings as aforesaid.

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:

- 27 May, 2016;
- 03 August, 2016;
- 26 October, 2016; and
- 01 February, 2017

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 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;
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 P. 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 P. Kanwar is Chairman and Managing Director of the Company.

II. Nomination and Remuneration Committee Meetings

During the Financial Year 2016-17, 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.	27 May, 2016	<ul style="list-style-type: none"> Consideration and approval of the 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, along with the proposed remuneration Consideration and recommendation of the appraisal of Key Managerial Personnel (KMP) and Senior Management Personnel of the Company to the Board of Directors
2.	01 February, 2017	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

The Chairman of the Nomination and Remuneration 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 acted as Secretary to the Nomination and Remuneration Committee meetings as aforesaid.

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.

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, 2017 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 2016-17, a separate meeting of the Independent Directors of the Company was held on 01 February, 2017 in terms of Regulation 25 of the Regulations.

The Independent Directors in their separate meeting:

- reviewed the performance of non-independent Directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- 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 2016-17

Table-5

(₹ in Lacs)

NON-EXECUTIVE INDEPENDENT DIRECTORS				
Name of Members	Sitting Fees#		Salaries and Perquisites	Total
	Board Meetings	Committee Meetings		
Dr. Sanjeev Kumar	0.35	0.40	Nil	0.75
Mr. VK. Pargal	0.46	0.46	Nil	0.92
Mr. P.K. Mittal	0.46	0.68	Nil	1.14
Mr. Gautam Mukherjee	0.35	0.05	Nil	0.40
Mr. N.V. Srinivasan	0.35	0.00	Nil	0.35
Mr. Satya Prakash Mangal	0.46	0.51	Nil	0.97
Ms. Seethalakshmi Venkataraman	0.46	0.00	Nil	0.46
Sub-Total (A)				4.99
EXECUTIVE DIRECTORS				
Mr. Surinder P. Kanwar Chairman & Managing Director	Nil	Nil	• Salary	0.00
			• Contribution to provident and other funds (*)	-
			• Monetary value of perquisites (**)	- ##0.00
Mr. Sachit Kanwar Joint Managing Director	Nil	Nil	• Salary and allowances	73.00
			• Contribution to provident and other funds (*)	7.56
			• Monetary value of perquisites (**)	10.99
Sub-Total (B)				91.55
Grand Total				96.54

Inclusive of Service Tax @ 14.50% and 15.00% 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.

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 P. 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 P. Kanwar	Member	1/1
3.	Mr. Sachit Kanwar	Member	1/1

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

I. Stakeholder's Relationship Committee Meetings

During the Financial Year 2016-17, the Committee met 1 (One) time on 27 May, 2016 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 Transmission of Shares as on 31 March, 2016.

Mr. Kaushal Narula, Company Secretary of the Company acted as Secretary to the Stakeholder's Relationship Committee Meeting as aforesaid.

II. Sub-Committee

In order to have speedy disposal of the Shareholders'/ Investors' requests for transfer and transmission, 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 P. Kanwar, Chairman and Managing Director
- Mr. Sachit Kanwar, Joint Managing Director
- Mr. Shalesh Kumar, Chief Financial Officer
- Mr. Kaushal Narula, Company Secretary

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 2016-17	NIL
No. of Complaints resolved to the satisfaction of stakeholders during financial year 2016-17	NOT APPLICABLE

No. of pending requests for share transfers, transmissions, dematerialisations and rematerialisations as on 31 March, 2017.

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 Mr. Kaushal Narula, 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 4 (Four) Directors as members to monitor the Corporate Social Responsibility Policy as approved by the Board 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.raunaginternational.com.

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

Table-7

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

Mr. Surinder P. 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.

II. CSR Committee Meetings

The CSR Committee in its meeting held on 26 May, 2017 formed the view and recommended to the Board that the amount of ₹ 15.13 Lacs was required to be spent on CSR activities by the Company during the year 2016-17.

The management explained that due to the tough financial conditions resulted out of long customers outstanding, the Company has not spent on CSR activities during the year 2016-17.

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 P. 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 P. Kanwar is Chairman & Managing Director and Mr. Sachit Kanwar is Joint Managing Director of the Company.

During the Financial Year 2016-17, no meeting of finance committee has been held.

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 on the basis of preceding financial year 2015-16 fails to meet the criteria of a material subsidiary company.

Still, for better corporate governance practices, 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 under the link: 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 is the Compliance Officer of the Company.

7. DIRECTORS

During the financial year 2016-17, the members of the Company, at their Annual General Meeting held on 03 August, 2016 approved the:

- re-appointment of Mr. Sachit Kanwar as Joint Managing Director of the Company in terms of provisions of Companies Act, 2013 as applicable 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 w.e.f. 01 June, 2016;
- appointment of Mr. P.K. Mittal as Non Executive Independent Director in terms of Section 149 of the Companies Act, 2013 for a period of 5 (Five) Years upto the conclusion of the 56th Annual General Meeting (AGM) of the Company in the Calendar year 2021;
- 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 Executive/Non-Executive Rotational Directors

The tenure of Mr. Surinder P Kanwar as Chairman and Managing Director of the Company is expiring on 30 September, 2017. The Board of Directors of the Company in the Board Meeting dated 26 May, 2017 has appointed

Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company for a further period of 5 (Five) years w.e.f. 01 October, 2017 subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

Mr. N.V. Srinivasan, Non Executive Director of 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 2018.

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

The **Table-9** gives the information pertaining to the Executive Director who is to be re-appointed in terms of the provisions of the Companies Act, 2013 as applicable & Non-Executive Director who is to be re-appointed in terms of the provisions of Section 152 of the Companies Act, 2013 respectively.

Table-9

S. No.	Particulars
1.	<p>Mr. Surinder P. Kanwar, Chairman and Managing Director</p> <p>Brief Resume: Mr. Surinder P. Kanwar is the Chairman & Managing Director of Raunaq EPC International Limited. A Commerce graduate from Delhi University, Mr. Surinder P. Kanwar is immensely experienced & has in-depth knowledge of the core business of the Company i.e. Engineering & Contracting business. He has wholesome exposure on all aspects of business of the Company and is engaged in supervision & conduct of business of the Company, along with a team of senior management personnel, who assist him in carrying out his activities, subject to the overall supervision & control of the Board.</p> <p>He has been associated with Late Dr. Raunaq Singh Group since 1975. He has also worked at various managerial positions in various Raunaq Group Companies viz. BST Manufacturing Limited (Bharat Steel Tubes Limited), Bharat Gears Limited, Raunaq & Company Pvt. Ltd.</p> <p>Mr. Surinder P. Kanwar is a Member of Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Finance Committee and the Chairman of Corporate Social Responsibility Committee of Raunaq EPC International Limited.</p> <p>Mr. Surinder P. Kanwar 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 hairmanship/ Membership
1.	Bharat Gears Limited	<ul style="list-style-type: none"> Nomination and Remuneration Committee – Member Finance Committee – Member Corporate Social Responsibility Committee – Chairman
2.	Xlerate Driveline India Limited	Nomination and Remuneration Committee - Member

Mr. Surinder P. Kanwar holds Directorships in the following Private Limited Companies:

S. No.	Name of the Company in which interested
1.	Future Consultants Private Limited
2.	Ultra Consultants Private Limited
3.	Vibrant Finance and Investment Private Limited
4.	Cliplok Simpak (India) Private Limited
5.	Samreet Investment and Management Consultancy Private Limited

As on 31 March, 2017, he holds 14,66,695 (43.87%) shares in the Company.

S. No.	Particulars
2.	<p>Mr. N.V. Srinivasan, Director</p> <p>Brief Resume: Mr. N.V. Srinivasan, aged 73 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 45 years.</p> <p>As on 31 March, 2017, he does not hold any Share in the Company and also he doesn't hold directorship and the membership of the Committee of Board in any other Company.</p>

8. GENERAL BODY MEETINGS

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

Annual General Meetings

Table-10

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
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".
2013-14	HUDA Convention Centre, Sector-12 Faridabad-121007 (Haryana)	29.08.2014 11.30 A.M.	Yes 1. Consideration and approval of the payment of remuneration to Mr. Sachit Kanwar, Joint Managing Director of the Company, for further period of 2 (Two) Years with effect from 01 June, 2014 of his present tenure 2. Consideration and approval of increase in borrowing powers of the Company

Extra- ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31 March, 2017.

Postal Ballot

There are no special resolutions passed during 2016-17 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-11

Financial Results	Name(s) of Newspapers	Date(s) of Publication
Quarter/Year ended 31 March, 2016	Mint*, Veer Arjun (Hindi)**	28 May, 2016
Quarter ended 30 June, 2016	Mint* Veer Arjun (Hindi)**	04 August, 2016
Quarter/Half Year ended 30 September, 2016	Mint* Veer Arjun (Hindi)**	27 October, 2016
Quarter/Nine Months ended 31 December, 2016	Mint* Veer Arjun (Hindi)**	02 February, 2017

* Mint- Mumbai & Delhi Edition

**Veer Arjun (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 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.

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 2015-16 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 03:00 P.M. on Tuesday, the 08 August, 2017 at ARK Hall, Hotel Saffron Kiran, 12/6, NH-2, Further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad-121003, 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 2017-18 has been paid in advance to the BSE Limited.

E. Market Price Data:

High and Low prices during each month of Financial Year 2016-17 on BSE Limited are as under:

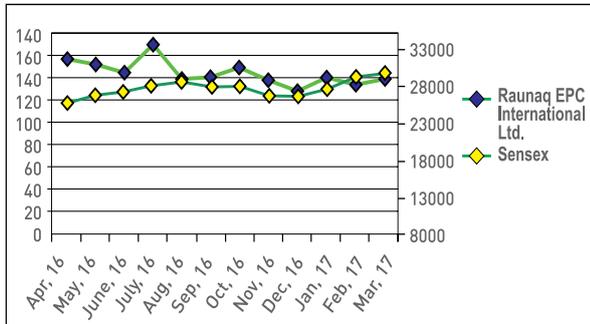
The Closing Price represents the price on the last trading day of each month of Financial Year 2016-17.

Table-12

Month	High (₹)	Low (₹)	Closing (₹)
April	171.00	123.00	157.40
May	174.90	140.30	153.00
June	168.40	135.30	145.00
July	188.00	137.00	170.00
August	180.00	133.85	139.50
September	160.00	130.00	140.50
October	179.40	131.00	150.00
November	156.00	112.50	137.60
December	151.95	118.70	128.20
January	155.95	128.05	140.00
February	142.00	121.05	135.05
March	142.70	128.20	139.35

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

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 Mr. Kaushal Narula, Compliance Officer of the Company and the authorized representative of Registrar & Transfer Agent 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:

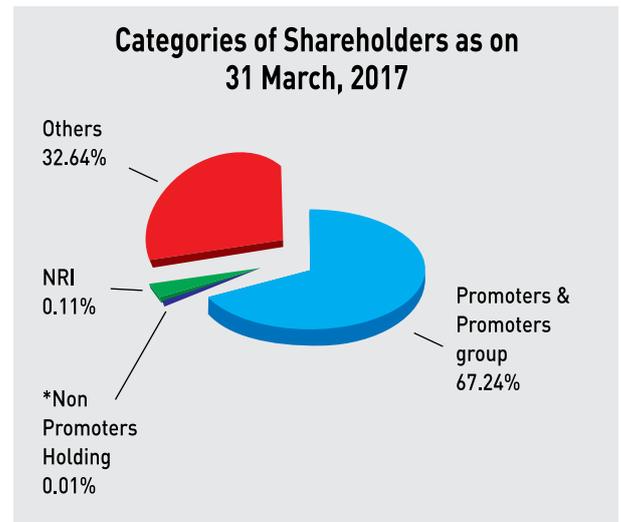
The Shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar and Transfer Agent (RTA), Link Intime India Private Limited. Link Intime India Private Limited is fully equipped to undertake the activities of Share Transfers and redressal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

In order to have speedy disposal of the shareholders'/ investors' requests for transfer and transmission, 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 approved by 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, 2017:



* Non Promoters Holdings are Negligible

Table-13

Category	No. of Shares Held	% age of Share Holding
A. Promoters' holding		
1. Promoters		
-Indian Promoters	1486630	44.47
-Foreign Promoters	-	-
2. Persons acting in Concert	761325	22.77
B. Non-Promoters' Holding		
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	49403	1.48
b. Indian Public	991858	29.67
c. Non Resident Indians/Overseas	3848	0.11
d. Any Other	49962	1.49
Total	3343243	100.00

I. Distribution of Shareholding as on 31 March, 2017:

Table-14

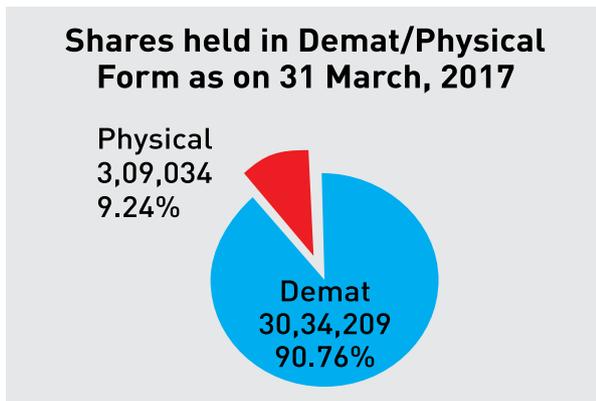
No. of Equity shares held	Number of Shareholders	Number of Shares	% age to total shares
Up to 500	1893	117507	3.51
501 to 1000	149	123986	3.71
1001 to 2000	62	98812	2.96
2001 to 3000	20	49027	1.47
3001 to 4000	8	27640	0.83
4001 to 5000	11	48967	1.46
5001 to 10000	19	143056	4.28
10001 and above	26	2734248	81.78
Total	2188	3343243	100.00

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.



As on 31 March, 2017 a total of 30,34,209 equity shares of the Company of ₹ 10/- each, which form 90.76% of the paid up Equity Share Capital, stand dematerialized.

Table-15

PARTICULARS					
DEMAT				PHYSICAL	
NSDL		CDSL			
No. of shares	%	No. of shares	%	No. of shares	%
2658116	79.51	376093	11.25	309034	9.24

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.

The unclaimed dividend for the year 2009-10 shall be transferred to the Investor Education and Protection Fund (IEPF) on 20 August, 2017 i.e. upon completion of seven years from the transfer of 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 2009-10 shall also be transferred into IEPF.

In terms of the rules dated 05 September, 2016 and the amendment rules thereof vide notification dated 28 February, 2017, the necessary communications have been made to the respective shareholders whose shares are required to be transferred to the IEPF 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 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-16

Financial Year	Rate (%)	Amount (₹ in Lacs)
2016-17	NIL	NIL
2015-16	12	40.12
2014-15	10	33.43
2013-14	12	40.12
2012-13	10	33.43

N. Office locations:

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

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, 2nd Floor, Naraina Industrial Area Phase-I, Near PVR Naraina, New Delhi 110 028, Phone No. 011-41410592-94, Email: delhi@linkintime.co.in.

For Investor Assistance:

Mr. Kaushal Narula, 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: kaushal@raunaqintl.com

10. OTHER DISCLOSURES

A. Related Party Transactions:

During the year 2016-17, 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 under the link 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 is required to adopt "IND AS" w.e.f. 01 April, 2017. The implementation of "IND AS" is a major change process for which the Company has established a project team and has dedicated considerable resources. The impact of the change on adoption of "IND AS" has been assessed and the Company is ready to adopt "IND AS".

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 2016-17.

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.

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 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.

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.

I. CEO/CFO certification:

Certificate from Mr. Rajan Malhotra, Chief Executive Officer and Mr. Shalesh Kumar, Chief Financial Officer in terms of Regulation 17(8) of the Regulations for the Financial Year ended 31 March, 2017 was placed before the Board of Directors of the Company in its meeting held on 26 May, 2017.

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.

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-compliances. 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.

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-17

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, 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 as email address especially for investors' grievances.

SEBI has commenced processing of investor complaints in a centralised web based complaints redress 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. 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. 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 P. Kanwar

Chairman and Managing Director

DIN: 00033524

Place: New Delhi

Dated: 26 May, 2017

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 2016–17 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 2016–17;
- 3) Significant changes in accounting policies during the year 2016–17 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**



Shalesh Kumar
Chief Financial Officer



Rajan Malhotra
Chief Executive Officer

Place: New Delhi
Dated: 26 May, 2017

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 2016-17, 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**



Kaushal Narula
Company Secretary



Surinder P. Kanwar
Chairman and Managing Director

Place: New Delhi
Dated: 26 May, 2017

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF RAUNAQ EPC INTERNATIONAL LIMITED

1. We, V.P. Jain & Associates, Chartered Accountants, the Statutory Auditors of **Raunaq EPC International Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March, 2017, as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("the Listing Regulations").

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance note on Certification on Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI"), the Standards on Auditing Specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that Perform Audits and reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the Listing Regulations during the year ended 31 March, 2017.
8. We 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 **V.P. Jain & Associates**
Chartered Accountants
(Firm's Registration No. 015260N)



V.P. Jain
(Partner)

(Membership No. 81514)

Place: New Delhi
Dated: 26 May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RAUNAQ EPC INTERNATIONAL LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **RAUNAQ EPC INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March, 2017, and its Profit and its Cash Flows for the year ended on that date.

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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors on 31 March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.

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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- (a) The company does not have any pending litigation which would have any material impact on its financial position in its financial statements.
- (b) The company has made provisions as required under the applicable law or accounting standards for material foreseeable losses on long term contracts. Company did not have any derivative contracts.
- (c) Amounts which were required to be transferred to the Investor Education and Protection Fund by the Company were so transferred in time.
- (d) The Company has provided requisite disclosures in the financial statements as regards its holdings and dealings in Specified Bank Notes as defined in the

Notification S.O.3407(E) dated 08 November, 2016 of the Ministry of Finance, during the period from 08 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by Management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by management.

- 2. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **V.P. Jain & Associates**
Chartered Accountants
(FRN: 015260N)



(V.P. Jain)
Partner

Place: New Delhi
Date: 26 May, 2017

(Membership No. 081514)

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF RAUNAQ EPC INTERNATIONAL LIMITED (STANDALONE)

(Referred to in paragraph 1(f) under Report on Other Legal and Regulatory Requirements section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 the financial reporting of RAUNAQ EPC INTERNATIONAL LIMITED (“the Company”) as of 31 March, 2017 in conjunction with our audit of financial statements of the company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The management of the individual company 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.

Auditor’s 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 control 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, to the best of our information and according to the explanations given to us, 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, 2017, 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 **V.P. Jain & Associates**
Chartered Accountants
(FRN: 015260N)



(V.P. Jain)

Partner

Place: New Delhi

Date: 26 May, 2017

(Membership No. 081514)

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS OF RAUNAQ EPC INTERNATIONAL LIMITED FOR THE FINANCIAL YEAR ENDED ON 31 MARCH, 2017

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- I. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, we report that the Company does not own any immovable property whether freehold or leasehold.
- II. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for contract work-in-progress in respect of civil/mechanical/erection contract.
- III. During the year, the Company has not granted any loans, to its subsidiary company, or others parties covered in the register maintained under Section 189 of the Act.
- IV. The Company has not granted any loan etc. to Directors or entered into other transactions detailed in section 185 of the Companies Act 2013, during the year. Accordingly, compliance of section 186 is not required.
- V. According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly, the question of complying with section 73 and 76 of the Act does not arise.
- VI. We have been informed by the Management that no cost records have been prescribed U/s 148(1) of the Companies Act, 2013 in respect of Company's construction activities.
- VII. According to the information and explanation given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they become payable.
 - (c) There are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax as on 31 March, 2017 on account of disputes except detailed below.

Name of the Statute	Nature of Dues	Amount of Tax(₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	22,63,487/-*	1996-97 &	High Court Allahabad
	Penalty	22,63,487/-*	1997-98	

*Fully provided

- VIII. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has not issued debentures.
- IX. In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).
- X. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- XI. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- XII. The Company is not a Nidhi Company and hence, reporting under Clause (xii) of CARO 2016 Order is not applicable.
- XIII. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act 2013, where applicable, for all transactions with the related parties and details of related party transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- XIV. During the year, the Company has not made any preferential allotment or private placement of the shares or fully or partly convertible debentures and hence, reporting under Clause (xiv) of CARO 2016 Order is not applicable.
- XV. In our opinion and according to the information and explanations given to us during the year, the Company has not entered into non-cash transactions with its director or persons connected with him and hence provisions of Section 192 of the Act are not applicable.
- XVI. The company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **V.P. Jain & Associates**
Chartered Accountants
(FRN: 015260N)



(V.P. Jain)

Partner

(Membership No. 081514)

Place: New Delhi
Date: 26 May, 2017

Balance Sheet

as at 31 March, 2017

Particulars	Note No.	₹ in Lacs	
		As at 31 March, 2017	As at 31 March, 2016
I. Equity and Liabilities			
1. Shareholders' funds			
(a) Share capital	2	334.32	334.32
(b) Reserves and surplus	3	4470.18	4264.16
		4804.50	4598.48
2. Non-current liabilities			
(a) Long-term borrowings	4	2.97	44.12
(b) Other long-term liabilities	5	2.99	3.08
(c) Long-term provisions	6	113.29	113.26
		119.25	160.46
3. Current liabilities			
(a) Short-term borrowings	7	415.72	356.25
(b) Trade payables	8		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		2872.28	3948.74
(c) Other current liabilities	9	526.73	759.71
(d) Short-term provisions	10	146.44	246.50
		3961.17	5311.20
TOTAL		8884.92	10070.14
II. Assets			
1. Non-current assets			
(a) Fixed assets			
(i) Property, plant and equipment	11A	547.89	594.38
(ii) Intangible assets	11B	36.92	35.46
		584.81	629.84
(b) Non-current investments	12	1634.68	1634.68
(c) Deferred tax assets (net)	13	37.02	38.11
(d) Long-term loans and advances	14	6.13	7.16
(e) Other non-current assets	15	209.92	29.33
		2472.56	2339.12
2. Current assets			
(a) Inventories	16	1398.87	1767.37
(b) Trade receivables	17	3422.16	3620.83
(c) Cash and cash equivalents	18	1297.24	1717.54
(d) Short-term loans and advances	19	269.56	589.47
(e) Other current assets	20	24.53	35.81
		6412.36	7731.02
TOTAL		8884.92	10070.14
See accompanying notes forming part of the financial statements		1-27	

As per our report of even date attached.

For **V.P. Jain & Associates**
Chartered Accountants
Firm Registration No. 015260N

Surinder P. Kanwar
Chairman and Managing Director
(DIN: 00033524)

Sachit Kanwar
Joint Managing Director
(DIN: 02132124)

(V.P. Jain)
Partner
Membership No. 81514

Shalesh Kumar
Chief Financial Officer
(PAN: BOCPS4686F)

Kaushal Narula
Company Secretary
(PAN: AFKPN7593J)

Place: New Delhi
Date: 26 May, 2017

V.K. Pargal (DIN: 00076639)
P.K. Mittal (DIN: 00165315)
Satya Prakash Mangal (DIN: 01052952)
Gautam Mukherjee (DIN: 02590120)
N.V. Srinivasan (DIN: 00879414)
Seethalakshmi Venkataraman (DIN: 07156898)
Directors

Statement of Profit and Loss

for the year ended 31 March, 2017

Particulars	Note No.	(₹ in Lacs)	
		Year ended 31 March, 2017	Year ended 31 March, 2016
1. Revenue from operations	21	5524.72	12747.95
2. Other income	22	171.69	163.46
3. Total revenue		5696.41	12911.41
4. Expenses			
(a) Cost of materials consumed	23	2211.72	5361.16
(b) Employee benefits expense	24	943.94	1095.77
(c) Finance cost	25	265.14	340.45
(d) Depreciation and amortisation expense	11	73.33	70.76
(e) Other expenses	26	1918.26	5288.57
Total expenses		5412.39	12156.71
5. Profit before tax		284.02	754.70
6. Tax expense:			
(a) For current year		95.00	240.00
(b) For earlier years		(18.09)	1.96
(c) Net current tax expense		76.91	241.96
(d) Deferred tax (benefit)/expense		1.09	1.92
Net tax expense		78.00	243.88
7. Profit for the year		206.02	510.82
8. Earnings per share (of ₹ 10/- each):		6.16	15.28
Basic & Diluted (in ₹)	27.8		
See accompanying notes forming part of the financial statements	1-27		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **V.P. Jain & Associates**
Chartered Accountants
Firm Registration No. 015260N

Surinder P. Kanwar
Chairman and Managing Director
(DIN: 00033524)

Sachit Kanwar
Joint Managing Director
(DIN: 02132124)

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Seethalakshmi Venkataraman (DIN: 07156898)
Directors

(V.P. Jain)
Partner
Membership No. 81514

Sharesh Kumar
Chief Financial Officer
(PAN: BOCPS4686F)

Kaushal Narula
Company Secretary
(PAN: AFKPN7593J)

Place: New Delhi
Date: 26 May, 2017

Cash Flow Statement

for the year ended 31 March, 2017

Particulars	(₹ in Lacs)	
	Year Ended 31 March, 2017	Year Ended 31 March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	284.02	754.70
Adjustments for:		
Depreciation & Misc. expenditure written off	73.33	70.76
Loss on sale of Fixed Assets	4.96	-
Interest and other charges	265.14	340.45
Interest Income	(112.05)	(124.72)
Profit on sale of Asset	(0.05)	-
Operating profit before working capital changes	515.35	1041.19
Changes in Working Capital		
Adjustments for (increase)/decrease in operating assets:		
Trade receivables	198.67	(725.87)
Inventories	368.50	(891.89)
Other non Current assets	(180.59)	(24.44)
Long Term Loans & advances	1.03	(0.40)
Short Term Loans & advances	319.91	228.95
Adjustments for increase/(decrease) in operating liabilities:		
Trade Payables	(1076.46)	1750.37
Short Term Provisions	(51.78)	114.70
Other Long term liabilities	(0.09)	(2.56)
Long Term Provisions	0.03	(10.95)
Other current Liabilities	(183.19)	(733.74)
Cash generated from operations	(88.62)	745.36
Direct Taxes paid (Net)	(76.91)	(241.96)
Net Cash from operating activities	(165.53)	503.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(35.31)	(92.51)
Sale of Fixed Assets	2.11	-
Interest Received	112.05	124.72
Investment in shares	-	(300.00)
Net Cash from/(used) in investment activities	78.85	(267.79)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long/short term borrowings (Net)	(32.52)	10.14
Interest and other charges paid	(265.14)	(340.45)
Dividend including Dividend Distribution Tax paid	(47.24)	(39.99)
Net Cash (used)/from financing activities	(344.90)	(370.30)
Net increase/(decrease) in cash and cash equivalents	(431.58)	(134.69)
Opening balance of Cash and cash equivalents *	1753.35	1888.04
Closing balance of Cash and cash equivalents *	1321.77	1753.35
* Including Interest accrued		
Notes :		
1. The cash flow is based on and derived from the accounts of the company for the year ended 31 March, 2017 and 31 March, 2016.		
2. Cash and cash equivalents comprise of:		
Cash in hand	1.45	2.44
Balance with scheduled banks:		
in Current Accounts	298.74	468.00
in margin accounts	997.05	1247.10
interest accrued on fixed deposits	24.53	35.81
Cash and cash equivalents at the end of the year	1321.77	1753.35
3. Balance in Current Accounts include balance in unpaid dividend accounts amounting to ₹ 12.68 Lacs as on 31 March, 2017 and ₹ 11.64 Lacs as on 31 March, 2016.		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **V.P. Jain & Associates**
Chartered Accountants
Firm Registration No. 015260N

Surinder P. Kanwar
Chairman and Managing Director
(DIN: 00033524)

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Directors

(V.P. Jain)
Partner
Membership No. 81514

Shalesh Kumar
Chief Financial Officer
(PAN: BOCPS4686F)

Kaushal Narula
Company Secretary
(PAN: AFKPN7593J)

Place: New Delhi
Date: 26 May, 2017

Notes

Forming part of Financial Statements

Note	Particulars
1.	SIGNIFICANT ACCOUNTING POLICIES
1.1	The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accruals basis to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the act") and the relevant provisions of the act. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
1.2	The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.
1.3	<p>a) Fixed Assets are valued at cost net of CENVAT. Borrowing cost that is directly attributable to the acquisition or construction of a qualifying asset is considered as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.</p> <p>b) Inventories are valued at Cost or net realisable value whichever is less other than Contracts Work in Progress.</p>
1.4	<p>The contracts work-in-progress as at the end of year is valued on the basis of percentage of completion method as below:-</p> <p>i) Revenue is recognised when the value of running bill is more than 25%.</p> <p>ii) The entire increase in WIP (In respect of contracts which remains in progress as at the end of the year) is considered revenue of the year.</p> <p>For the purpose of valuation, cost means the direct cost on a particular job excluding depreciation and finance charges, which are directly charged to Profit and Loss Statement.</p>
1.5	Accumulated value of Amount Billed to client is carried forward on memorandum basis till the project is charged to completed contracts. On closure of a project, the accumulated value of work in progress in accordance with Accounting Policy '1.4' discussed above and difference between Accumulated Amount of WIP and total Amount Billed to client is accounted in the value of amount "charged to completed contracts".
1.6	Works Contracts are charged to completed contracts on obtaining completion certificates from concerned clients.
1.7	For the purpose of classifying an asset as Current or Non current on operating cycle basis, the scheduled period of contract completion increased by any extension allowed by the contractee is considered to be operating cycle. Trade Receivables due for payment for the purpose of classifying as Current/Non-Current are classified from the date when defect liability period or retention period ends.
1.8	Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in schedule II to the Act.
1.9	Intangible assets are amortised as per provision of AS-26.
1.10	<p>(a) Dividend income is recognized when the right to receive the dividend is established.</p> <p>(b) Interest income is recognized on time proportion basis.</p>
1.11	<p>The following items are accounted for based on certainty of realization/payments:</p> <p>(a) Extra items claim.</p> <p>(b) Insurance claims.</p> <p>(c) Any receipts/additional liability on account of pending income tax, sales tax and excise duty assessments.</p> <p>(d) Penalties or interests, if any, on delayed payment of statutory dues.</p>
1.12	Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. All Foreign Currency Monetary items outstanding at the year end are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Foreign Currency Monetary items at the end of the year is recognized as income or expense, as the case may be, for the year.

Note	Particulars
1.13	<p>(a) Investments are either classified as Non-Current or Current investments. The cost of investments includes acquisition charges such as brokerage, fees and duties.</p> <p>(b) Current investments are carried at lower of cost and fair value. Non-Current investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.</p>
1.14	<p>(a) Short Term Employee Benefits: Short term Employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Statement for the year in which related services are rendered.</p> <p>(b) Defined Contribution Plans: Company's contributions and other amount, if any, payable during the year towards Provident Fund, Pension Fund and Employee State Insurance are recognized in the Profit and Loss Statement of the year.</p> <p>(c) Defined Benefit Plans: Company's liability towards gratuity in accordance with Payment of Gratuity Act, 1972 and other long term benefits are determined and accounted in accordance with AS-15 (Revised) based on the Actuarial Valuation as on the balance sheet date. So far as the gratuity is concerned the company contributes the ascertained liability to the Life Insurance Corporation of India which administers the contributions and makes the payment at retirement, death or incapacitation of employment to employee.</p>
1.15	Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating Lease payments are recognized as an expense in the Profit & Loss Statement as per the lease terms.
1.16	The Company provides current tax based on the provisions of the Income Tax Act applicable to it. Timing differences between book profit and taxable profit is recognized as Deferred Tax Asset, if any, considering prudence.
1.17	Basic Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
1.18	An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired.
1.19	Provisions are recognized in terms of Accounting Standard 29 – 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29) when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where there reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognized in the financial statements.

Note 2: Share capital

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	(₹ in Lacs)	Number of shares	(₹ in Lacs)
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	3,50,00,000	3500.00	3,50,00,000	3500.00
Cumulative Redeemable Convertible or Non-convertible Preference shares of ₹ 100 each	5,00,000	500.00	5,00,000	500.00
		4000.00		4000.00
(b) Issued, Subscribed and Fully paid up				
Equity shares of ₹ 10 each with voting rights	33,43,243	334.32	33,43,243	334.32
Total	33,43,243	334.32	33,43,243	334.32

Notes:
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31 March, 2017		
- Number of shares	33,43,243	33,43,243
- Amount (₹ in Lacs)	334.32	334.32
Year ended 31 March, 2016		
- Number of shares	33,43,243	33,43,243
- Amount (₹ in Lacs)	334.32	334.32

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mr. Surinder P. Kanwar	14,66,695	43.87	18,66,695	55.83
Gulab Merchandise Private Limited	6,44,825	19.29	2,44,825	7.32

(iii) Rights and Restrictions attached to Equity shares:

- Each holder of Equity shares is entitled to one vote per share.
- Each holder of Equity shares as on the record date is entitled to dividend when declared in the Annual general meeting.

Note 3: Reserves and surplus

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Capital reserve		
Opening balance	0.68	0.68
Closing balance	0.68	0.68
(b) Securities premium account		
Opening balance	162.43	162.43
Closing balance	162.43	162.43
(c) General reserve		
Opening balance	1525.27	1425.27
Add: Transferred from surplus in Statement of Profit and Loss	-	100.00
Closing balance	1525.27	1525.27
(d) Surplus in Statement of Profit and Loss		
Opening balance	2575.78	2213.25
Add: Profit for the year	206.02	510.82
Less:		
Dividend of ₹ 1.20 per share	-	40.12
Tax on dividend	-	8.17
Transferred to:		
General reserve	-	100.00
Closing balance	2781.80	2575.78
Total	4470.18	4264.16

Note 4: Long-term borrowings

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Term loans		
From banks		
Secured (See Notes Below)	2.97	44.12
Total	2.97	44.12

Notes:

(ii) Details of terms of repayment for the long-term borrowings and security provided in respect of secured long-term borrowings:

Particulars	Terms of repayment	ROI	Security	As at 31 March, 2017 Secured (₹ in Lacs)	As at 31 March, 2016 Secured (₹ in Lacs)
Term loans from banks:					
Axis Bank Limited	59 EMI	9.76%	Against Hypothecation of Excavator	-	5.16
Axis Bank Limited	59 EMI	10.76%	Against Hypothecation of Rock Breaker	-	1.03
Axis Bank Limited	59 EMI	10.13%	Against Hypothecation of Hydra Crane	-	2.37
Axis Bank Limited	59 EMI	11.00%	Against Hypothecation of DG Set	-	1.52
Axis Bank Limited	59 EMI	10.50%	Against Hypothecation of Batching Plant	-	3.99
Oriental Bank of Commerce	36 EMI	10.50%	Against Hypothecation of Vehicle	-	18.74
Axis Bank Limited	35 EMI	10.15%	Against Hypothecation of Crane	2.97	11.31
Total				2.97	44.12

(ii) For the current maturities of long-term borrowings, refer item (a) in Note 9 Other current liabilities.

Note 5: Other long-term liabilities

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Trade Payables:		
(i) Other than Acceptances	2.99	3.08
Total	2.99	3.08

Note 6: Long-term provisions

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Provision for employee benefits:		
(i) Provision for compensated absences	68.02	67.99
(b) Provision - Others:		
(i) Provision for Excise Duty	45.27	45.27
Total	113.29	113.26

Note 7: Short-term borrowings

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Loans repayable on demand		
From banks		
Secured (See Notes below)	415.72	356.25
Total	415.72	356.25

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	(₹ in Lacs)	
		As at 31 March, 2017	As at 31 March, 2016
Loans repayable on demand from banks:			
SBI Cash Credit A/c	Against Pari passu charge on Moveable Fixed Assets and	160.25	62.12
ICICI Cash Credit A/c	Current Assets of the Company	255.47	294.13
Total		415.72	356.25

ii) Above short-term borrowings are also guaranteed by a promotor director.

Note 8: Trade payables

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of Trade Payable other than micro enterprises and small enterprises		
Acceptances	-	192.93
Other than Acceptances	2872.28	3755.81
Total	2872.28	3948.74

Note 9: Other current liabilities

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Current maturities of long-term debt (Refer Note below)	41.15	91.99
(b) Unpaid dividends	12.68	11.64
(c) Other payables		
(i) Statutory Dues	22.30	48.39
(ii) Employees Dues	116.89	122.34
(iii) Contractually reimbursable expenses	7.97	7.77
(iv) Contract Mobilisation Advances from customers	302.81	449.49
(v) Creditors for Expenses	22.93	28.09
Total	526.73	759.71

Note: Current maturities of long-term debt (Refer Note (ii) in Note 4 - Long-term borrowings for details of security):

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Term loans From banks (Secured)		
Axis Bank Excavator Loan	5.16	11.57
Axis Bank Rock Breaker Loan	1.03	2.29
Axis Bank Crane Loan	2.37	5.29
Axis Bank D G Set Loan	1.52	2.88
Axis Bank Batching Plant Loan	3.99	6.30
Axis Bank Crane Loan	-	6.35
HDFC Bank Crane Loan	-	20.80
Oriental Bank of Commerce Car Loan	18.74	22.82
Axis Bank D G Set Loan	-	6.15
Axis Bank Hydra Crane Loan	8.34	7.54
Total	41.15	91.99

Note 10: Short-term provisions

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Provision for employee benefits:		
(i) Provision for compensated absences	41.90	33.74
(b) Provision - Others:		
(i) Provision for proposed equity dividend	-	40.12
(ii) Provision for tax on proposed dividends	-	8.17
(iii) Provision for other Outstanding Liabilities	104.54	164.47
Total	146.44	246.50

Note 11: Fixed Assets

(₹ in Lacs)

Particulars	Gross Block At Cost			Depreciation			Net Block		
	As At 01/04/2016	Addition	Disposals	As At 31/03/2017	For The Year	Disposals	Upto 31/03/2017	As At 31/03/2017	As At 31/03/2016
(A) Property, plant and equipment									
PLANT & MACHINERY	657.94	2.08	9.56	650.46	44.00	5.73	210.79	439.67	485.42
TRACTOR	1.56	-	-	1.56	-	-	1.48	0.08	0.08
OFFICE EQUIPMENTS	6.37	-	-	6.37	0.98	-	5.45	0.92	1.91
FURNITURE & FIXTURES	25.97	18.63	-	44.60	3.19	-	11.64	32.96	17.52
ELECTRICALS FITTINGS	1.63	-	-	1.63	0.03	-	1.37	0.26	0.29
VEHICLES	93.52	-	7.06	86.46	10.20	3.92	26.43	60.03	73.35
COMPUTERS	99.24	4.31	0.98	102.57	6.10	0.93	88.60	13.97	15.81
TOTAL (A)	886.23	25.02	17.60	893.65	64.50	10.58	345.76	547.89	594.38
(B) Intangible Fixed Assets									
Particulars	Gross Block At Cost			Amortisation			Net Block		
	As At 01/04/2016	Addition	Disposals	As At 31/03/2017	For The Year	Disposals	Upto 31/03/2017	As At 31/03/2017	As At 31/03/2016
SOFTWARE	40.51	10.29	-	50.80	8.83	-	13.88	36.92	35.46
TOTAL (B)	40.51	10.29	-	50.80	8.83	-	13.88	36.92	35.46
TOTAL (A+B)	926.74	35.31	17.60	944.45	73.33	10.58	359.64	584.81	-
PREVIOUS YEAR	834.23	92.51	-	926.74	70.76	-	296.90	-	629.84

(C) The Accounting Standard (AS) 10 'Property, Plant and Equipment' amended by Central Government, has become applicable to the company from 01 April, 2016. In accordance with the transitional provisions prescribed in the said AS, the company has adopted the cost model as its accounting policy.

Note 12: Non-current investments

(₹ in Lacs)

Particulars	As at 31 March, 2017			As at 31 March, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost less provision for other than temporary diminution)						
A. Other investments						
(a) Investment in equity instruments						
(i) of subsidiaries	-	1487.70	1487.70	-	1487.70	1487.70
1,48,77,038 Equity Shares (previous year 1,48,77,038 equity shares) of ₹ 10 each fully paid up in Xlerate Driveline India Ltd.						
(ii) of other entities	146.88	-	146.88	146.88	-	146.88
293300 Equity Shares of ₹ 10 each fully paid up in Bharat Gears Ltd.						
10000 Equity Shares of ₹ 10 each fully paid up in BST Mfg. Ltd.	-	1.25	1.25	-	1.25	1.25
Total - Other investments	146.88	1488.95	1635.83	146.88	1488.95	1635.83
Less: Provision for diminution in value of investments			1.15			1.15
Total			1634.68			1634.68
Aggregate amount of quoted investments			146.88			146.88
Aggregate market value of listed and quoted investments			340.67			184.63
Aggregate amount of unquoted investments (Net of Provision)			1487.80			1487.80

Note 13: Deferred Tax Assets (Net)

(₹ in Lacs)

Particulars	As at	As at
	31 March, 2017	31 March, 2016
Arising on account of timing difference in -		
(a) Provision for doubtful advances	0.18	0.18
(b) Provision for diminution in value of investment	0.44	0.44
(c) Depreciation	(24.07)	(19.89)
(d) Provision for Excise Duty (Disallowance u/s 43B of I.T.Act.)	14.97	14.97
(e) Employees Benefits as per AS-15	45.56	42.47
(f) Others	(0.06)	(0.06)
Total	37.02	38.11

Note 14: Long-term loans and advances

(₹ in Lacs)

Particulars	As at	As at
	31 March, 2017	31 March, 2016
Security deposits		
Unsecured, considered good	6.13	7.16
Total	6.13	7.16

Note 15: Other non-current assets

(₹ in Lacs)

Particulars	As at	As at
	31 March, 2017	31 March, 2016
Long-term trade receivables		
Unsecured, considered good	209.92	29.33
Total	209.92	29.33

Note 16: Inventories

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Raw materials (At Cost)		
Stock in hand	34.57	66.46
Goods-in-transit	6.41	196.58
	40.98	263.04
(b) Work-in-progress Contracts Inventory	14805.78	14496.05
Less : Payments Received	13447.89	12991.72
	1357.89	1504.33
Total	1398.87	1767.37

Note 17: Trade receivables

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Trade receivables outstanding for over six months		
Unsecured, considered good	558.49	345.00
Other Trade receivables		
Unsecured, considered good	2863.67	3275.83
Total	3422.16	3620.83

Note 18: Cash and cash equivalents

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Cash in hand	1.45	2.44
(b) Balances with banks		
(i) In current accounts	286.06	456.36
(ii) In earmarked accounts		
- Unpaid dividend accounts	12.68	11.64
- Balances held as margin money (Refer Note (i) below)	997.05	1247.10
Total	1297.24	1717.54

Note:

- (i) Balances with banks held as margin money include deposits amounting to ₹ 110.60 Lacs (As at 31 March, 2016 ₹ 423.40 Lacs) which have an original maturity of more than 12 months.

Note 19: Short-term loans and advances

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Security deposits		
Unsecured, considered good	3.27	4.66
(b) Loans and advances to employees		
Unsecured, considered good	7.64	11.47
(c) Prepaid expenses		
Unsecured, considered good	120.03	155.73
(d) Advance income tax (net of provisions)		
Unsecured, considered good	53.11	180.47
(e) Others		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	85.51	237.14
Doubtful	0.54	0.54
	86.05	237.68
Less: Provision for other doubtful loans and advances	0.54	0.54
	85.51	237.14
Total	269.56	589.47

Note 20: Other current assets

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Interest accrued on fixed deposits with Banks	24.53	35.81
Total	24.53	35.81

Note 21: Revenue from operations

Particulars	(₹ in Lacs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
(a) Sale of services (Completed Contracts/Supply Contracts)	5214.99	8453.87
(b) Increase/(Decrease) in WIP of contracts inventory		
(Net of Completed Contracts)	309.73	4294.08
Total	5524.72	12747.95

Note 22: Other income

Particulars	(₹ in Lacs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
(a) Interest income (Refer Note (i) below)	112.05	124.72
(b) Other non-operating income (Refer Note (ii) below)	59.64	38.74
Total	171.69	163.46

		(₹ in Lacs)	
Note	Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
(i)	Interest income comprises:		
	Interest from banks on deposits	83.37	115.44
	Interest on loans and advances	-	9.28
	Interest on income tax refund	28.68	-
	Total - Interest income	112.05	124.72
(ii)	Other non-operating income comprises:		
	Profit on Sale of Fixed Asset	0.05	-
	Excess Provision written back	-	38.51
	Unclaimed Balances written back	43.50	0.05
	Miscellaneous income	16.09	0.18
	Total - Other non-operating income	59.64	38.74

Note 23: Cost of materials consumed

		(₹ in Lacs)	
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016	
Opening stock	66.46	-	
Add: Purchases	2179.82	5427.62	
	2246.28	5427.62	
Less: Closing stock	34.56	66.46	
Cost of material consumed	2211.72	5361.16	

Note 24: Employee benefits expense

		(₹ in Lacs)	
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016	
Salaries and wages	831.40	958.92	
Contributions to provident and other funds	60.64	79.37	
Staff welfare expenses	51.90	57.48	
Total	943.94	1095.77	

Note 25: Finance cost

		(₹ in Lacs)	
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016	
(a) Interest expense on:			
(i) Borrowings	70.75	64.89	
(ii) Trade payables	5.39	9.39	
(b) Other borrowing costs	189.00	266.17	
(Bank and other financing charges)			
Total	265.14	340.45	

Note 26: Other expenses

Particulars	(₹ in Lacs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
Consumption of stores and spare parts	73.33	192.86
Erection expenses	1139.89	3972.52
Power and fuel	17.90	37.03
Hire Charges	13.24	102.96
Travelling & Conveyance	146.91	138.59
Rent	72.36	67.33
Repairs and maintenance - Machinery	9.63	15.91
Insurance	37.18	35.65
Rates and taxes	172.05	407.81
Freight and forwarding	61.11	124.85
Payments to auditors (Refer Note below)	6.80	7.22
Loss on fixed assets sold	4.96	-
Foreign Exchange Fluctuation Loss	-	1.94
Legal & Professional Charges	84.78	93.20
Miscellaneous expenses	78.12	90.70
Total	1918.26	5288.57

Note:

Particulars	(₹ in Lacs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
Payments to the auditors comprises (including service tax)		
Fees :-		
Statutory audit	2.88	2.86
Company Law Matters	0.63	0.68
Limited Review and other certifications	2.86	3.26
Reimbursement of expenses	0.43	0.42
Total	6.80	7.22

Note 27: Additional information to the financial statements

Note	Particulars	As at 31 March, 2017 (₹ in Lacs)	As at 31 March, 2016 (₹ in Lacs)
27.1	Contingent liabilities		
1.	Guarantees/Letter of Credit given by the banks which are counter Guaranteed by the Company and secured against Fixed & Current Assets	6034.99	7304.30
2.	Guarantee given to bank on behalf of subsidiary company	336.26	309.60
3.	Others where company had gone in to appeals before appropriate authorities:		
	- Sales Tax	9.74	9.74
	- Income Tax	1.74	5.72

Note 27: Additional information to the financial statements (Contd.)

27.2 Details of consumption of imported and indigeneous items:

Particulars	For the year ended 31 March, 2017	
	(₹ in Lacs)	%
Imported		
(i) Raw material	-	-
	(-)	(-)
	-	
TOTAL	(-)	
Indigeneous		
(i) Raw material	2211.72	100.00
	(5361.16)	(100.00)
(ii) Stores, spares, tools & tackles	73.33	100.00
	(192.86)	(100.00)
	2285.05	
TOTAL	(5554.02)	

Note: Figures in brackets are for the previous year.

27.3 Expenditure in Foreign currency

Other Matter (Travel)	11.10	13.29
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27.4 Employee Benefits:

Defined Contribution Plan:

The Company's contributions to the Provident Fund and Superannuation Fund are charged to the Profit and Loss Statement.

Defined Benefit Plan/Long Term Compensated Absences:

The Company's liability towards gratuity (Funded) and compensated absences is determined on the basis of the year end actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognized immediately in the Profit and Loss Statement as an income or expense.

27.4(a) Defined Contribution Plan:

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

Particulars	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Contribution to Provident Fund and Family Pension Fund	42.15	45.08
Contribution to Superannuation Fund	5.54	15.84

27.4(b) Defined Benefit Plan:

A general description of the Employees Benefit Plans:

(i) Gratuity (Funded)

The Company has an obligation towards gratuity, a funded defined benefits retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment, of an amount calculated in accordance with the provisions of the Payment of Gratuity Act, 1972.

Note 27: Additional information to the financial statements (Contd.)

Details of defined benefit plans - As per Actuarial Valuation as on 31 March 2017:

Particulars	₹ in Lacs)	
	Gratuity Funded	
	2016-17	2015-16
Components of employers expenses		
Current service cost	8.30	9.05
Interest Cost	8.21	8.07
Expected return on Plan Assets	(8.32)	(8.89)
Actuarial Losses/(Gains)	(1.37)	5.02
Total expenses recognized in the Profit & Loss Statement *	6.82	13.25
(* Included in Note No. 24)		
Actual Contribution & Benefits payment for the year	2016-17	2015-16
Actual Benefit payments	19.71	13.37
Actual Contributions	1.35	4.31
Net asset/(liability) recognised in the Balance Sheet	2016-17	2015-16
Present Value of Defined Benefits Obligation	104.97	109.53
Fair value of Plan Assets	100.86	110.90
Funded Status [Surplus/(Deficit)]	(4.11)	1.37
Net asset/(liability) recognized in the Balance Sheet	(4.11)	1.37
Change in Defined Benefit Obligation during the year	2016-17	2015-16
Present value of Defined Benefit Obligation as at the beginning of the year	109.53	100.89
Current Service Cost	8.30	9.05
Interest Cost	8.21	8.07
Actuarial Losses/(Gains)	(1.37)	4.89
Benefits paid	(19.71)	(13.37)
Present value of Defined Benefits Obligation as at the end of the year	104.97	109.53
Change in Fair Value of the Plan Assets during the year	2016-17	2015-16
Plan Asset as at the beginning of the year	110.90	111.21
Expected return on Plan Assets	8.32	8.89
Actual Company Contributions	1.35	4.31
Actuarial (Losses)/Gains	-	(0.14)
Benefits Paid	(19.71)	(13.37)
Plan Assets as at the end of the year	100.86	110.90
Actuarial Assumptions	2016-17	2015-16
Discount Rate	7.50%	8.00%
Expected return on plan assets	7.50%	8.00%
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 investments of funds during estimated term of obligation. Actual return on Plan Assets is ₹ 8.32 lacs.		
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.	2016-17	2015-16
Insurer Managed funds	100%	100%
Experience Adjustments	2016-17	2015-16
Present value of Defined Benefit Obligation as at the end of the year	104.97	109.53
Fair value of plan asset as at the end of the year	100.86	110.90
Funded Status [Surplus/(Deficit)]	(4.11)	1.37
Experience adjustment on Plan Liabilities	(4.63)	4.89
Experience adjustment on Plan Asset	-	(0.72)
The liability for leave encashment is accounted for on accrual basis on actuarial valuation at the year end.		
Note: Figures in brackets showing negative amount.		

Note 27: Additional information to the financial statements (Contd.)

27.5 Segment Reporting

Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, this Accounting Standard is not applicable to the company.

27.6 Related party transactions

a) Enterprise over which the company is able to exercise Control (Subsidiary):

- Xlerate Driveline India Ltd. (XDIL)

b) Enterprises over which key managerial personnel is able to exercise significant influence (Associates):

- 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)

c) Key managerial personnel:

- Mr. Surinder P. Kanwar (SPK) – CMD
- Mr. Sachit Kanwar (SK) – JMD

Note: Related parties are as identified by the company and relied upon by the Auditors.

Details of transactions with the related parties and their relatives during the year ended 31 March, 2017.

A. Enterprise over which the company is able to exercise Control (Subsidiary):

Nature of Transaction	2016-17 (₹ in Lacs)	2015-16 (₹ in Lacs)
- Loan Given (XDIL)	-	50.00
- Interest on above	-	9.28
- Investment in Subsidiary (XDIL)	-	300.00
- Reimbursement of expenses from (XDIL)	0.37	0.58
- Corporate Guarantee given to bank for credit limits sanctioned (XDIL)	405.00	405.00

B. Enterprises over which key managerial personnel is able to exercise significant Influence:

Nature of Transaction	2016-17 (₹ in Lacs)	2015-16 (₹ in Lacs)
- Rent paid (BGL)	11.82	11.62
- Rent paid (VFIPL)	5.52	2.73
- Electricity Charges Paid (VFIPL)	0.77	0.88
- Corporate Guarantee (VFIPL) offered for credit limits availed by company from:		
- Kotak Mahindra Bank Ltd.	1000.00	1000.00
- SBI Mumbai	6800.00	7700.00
- ICICI Bank Ltd.	2300.00	2300.00

C. Key managerial Personnel:

Nature of Transaction	2016-17 (₹ in Lacs)	2015-16 (₹ in Lacs)
- Personal Guarantee Given To Banks For Credit Limits Availed By Company (SPK)	10750.00	11650.00
- Remuneration (SK)	93.05	101.00
- Remuneration (SPK)	*	*

*Token remuneration of ₹ 12 (Rupees Twelve) paid to Chairman & Managing Director.

Balance outstanding as at the end of the year

Particulars	As at 31 March, 2017 (₹ in Lacs)	As at 31 March, 2016 (₹ in Lacs)
- Amount payable to key Managerial personnel (SPK)	-	30.00

No amounts have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.

Note 27: Additional information to the financial statements (Contd.)

Note	Particulars	As at 31 March, 2017 (₹ in Lacs)	As at 31 March, 2016 (₹ in Lacs)
27.7	Operating Lease payments recognized in the Profit and Loss Statement for the year are as follows:		
	Car Lease Rent	18.83	18.12
27.8	Earning per share		
	Profit Attributable to Equity Share Holders	As at 31 March, 2017 (₹ in Lacs)	As at 31 March, 2016 (₹ in Lacs)
	Profit After Tax & Before Extra Ordinary Items (A)	206.02	510.82
	Add/(Less): Extra Ordinary Item	-	-
	Profit After Tax & After Extra Ordinary Items (B)	206.02	510.82
	Weighted average number of Equity Shares outstanding during the period/year (C)	33,43,243	33,43,243
	Basic and Diluted EPS before Extra Ordinary Item (A)/(C)	6.16	15.28
	Basic and Diluted EPS after Extra Ordinary Item (B)/(C)	6.16	15.28
27.9	In response to the Company's request made in March 2017 to the Suppliers for providing copy of the registration certificate, if registered under Micro, Small and Medium Enterprises Development Act 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, 2017.		
27.10	The Ministry of Corporate Affairs has notified Section 135 of the Act, on Corporate Social Responsibility with effect from 01 April, 2014. As per the provisions of the said Section, the amount of ₹ 15.13 Lacs (year ended 31 March 2016: ₹ 12.82 Lacs) was required to be spent on CSR activities by the Company during the year. The company has not spent any amount in this regard.		
27.11	Disclosure on Specified Bank Note		
	Specified Bank Note (SBNs) and other denominations held and transacted during the period from 08 November, 2016 to 30 December, 2016, is given below as per MCA notification G.S.R 308(E) dated 30 March, 2017:		

Particulars	SBNs*	Other Denomination Note	Total
	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)
Closing cash in hand as on 08 November, 2016	5.21	2.50	7.71
(+) Permitted receipts	-	27.54	27.54
(-) Permitted payment	-	27.28	27.28
(-) Amount deposited in Bank	5.21	-	5.21
Closing cash in hand as on 30 December, 2016	-	2.76	2.76

*For the purpose of this clause, the term "Specified Bank Note" shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 08 November, 2016.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **V.P. Jain & Associates**
Chartered Accountants
Firm Registration No. 015260N

Surinder P. Kanwar
Chairman and Managing Director
(DIN: 00033524)

Sachit Kanwar
Joint Managing Director
(DIN: 02132124)

V.K. Pargal (DIN: 00076639)
P.K. Mittal (DIN: 00165315)
Satya Prakash Mangal (DIN: 01052952)
Gautam Mukherjee (DIN: 02590120)
N.V. Srinivasan (DIN: 00879414)
Seethalakshmi Venkataraman (DIN: 07156898)
Directors

(V.P. Jain)
Partner
Membership No. 81514

Sharesh Kumar
Chief Financial Officer
(PAN: BOCPS4686F)

Kaushal Narula
Company Secretary
(PAN: AFKPN7593J)

Place: New Delhi
Date: 26 May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RAUNAQ EPC INTERNATIONAL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **RAUNAQ EPC INTERNATIONAL LIMITED** (hereinafter referred to as "Holding Company"), and its subsidiary (the holding company and its subsidiary together referred to as "the Group"), comprising of the consolidated Balance Sheet as on 31 March, 2017, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("hereinafter referred to as "the Act"), that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of the 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 Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that gives 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 of Section 143(3) of the Act.

We conducted our audit 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient to provide a basis for our audit opinion on the consolidated financial statement.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, as at 31 March 2017, and their consolidated Profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of subsidiary Xlerate Driveline India Ltd., whose financial statements reflect total assets of ₹ 2030.78 Lacs as at 31 March, 2017, total revenues of ₹ 2324.96 Lacs and net cash flows amounting to (₹ 4.81) Lacs for the year ended on the date, as considered in the consolidated financial statements. These Financial statements have been audited by the other auditors whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements given below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor 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, 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 purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
 - c) The Consolidated Balance Sheet, the Consolidated statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group Companies is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of Internal Financial Controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the group internal financial controls over financial reporting.
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - (a) The Group does not have any pending litigation which would have any material impact on its financial position in its financial statements.
 - (b) The Group has made provisions as required under the applicable law or accounting standards for material foreseeable losses on long term contracts. The Group did not have any derivative contracts.
 - (c) Amounts which were required to be transferred to the Investor Education and Protection Fund by the Group were so transferred in time.
 - (d) The Group has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 08 November, 2016 of the Ministry of Finance, during the period from 08 November 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by Management, we report that the disclosures are in accordance with the books maintained by the Group and as produced to us.

For **V.P. Jain & Associates**
Chartered Accountants
(FRN: 015260N)



(V.P. Jain)

Partner

(Membership No. 081514)

Place: New Delhi
Date: 26 May, 2017

ANNEXURE-“A” TO THE INDEPENDENT AUDITOR’S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF RAUNAQ EPC INTERNATIONAL LIMITED

(Referred to in paragraph 1(f) under Report on Other Legal and Regulatory Requirements section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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.

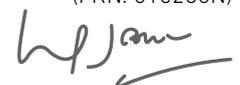
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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, to the best of our information and according to the explanations given to us, the Group 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, 2017, based on the internal control over financial reporting criteria established by the management of individual company considering the essential components of internal control stated in the Guidance Note.

For **V.P. Jain & Associates**
Chartered Accountants
(FRN: 015260N)



(V.P. Jain)

Partner

Place: New Delhi

Date: 26 May, 2017

(Membership No. 081514)

Consolidated Balance Sheet

as at 31 March, 2017

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Particulars	Note No.	(₹ in Lacs)	
		As at 31 March, 2017	As at 31 March, 2016
I. Equity and Liabilities			
1. Shareholders' funds			
(a) Share capital	2	459.32	459.32
(b) Reserves and surplus	3	3595.58	3558.38
		4054.90	4017.70
2. Non-current liabilities			
(a) Long-term borrowings	4	2.97	44.12
(b) Deferred tax liabilities (net)	13	4.01	5.43
(c) Other long-term liabilities	5	2.99	3.08
(d) Long-term provisions	6	116.57	116.36
		126.54	168.99
3. Current liabilities			
(a) Short-term borrowings	7	951.77	716.41
(b) Trade payables	8		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		3315.86	4297.61
(c) Other current liabilities	9	677.41	986.19
(d) Short-term provisions	10	264.57	381.79
		5209.61	6382.00
TOTAL		9391.05	10568.69
II. Assets			
1. Non-current assets			
(a) Fixed assets			
(i) Property, plant and equipment	11A	1582.78	1646.00
(ii) Intangible assets	11B	42.04	42.21
(iii) Capital work-in-progress		1.06	20.59
		1625.88	1708.80
(b) Non-current investments	12	146.98	146.98
(c) Long-term loans and advances	14	22.93	19.91
(d) Other non-current assets	15	209.92	29.33
		2005.71	1905.02
2. Current assets			
(a) Inventories	16	1636.76	2000.16
(b) Trade receivables	17	4100.83	4199.88
(c) Cash and cash equivalents	18	1321.96	1745.52
(d) Short-term loans and advances	19	300.63	624.66
(e) Other current assets	20	25.16	93.45
		7385.34	8663.67
TOTAL		9391.05	10568.69
See accompanying notes forming part of the financial statements	1-27		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **V.P. Jain & Associates**
Chartered Accountants
Firm Registration No. 015260N

Surinder P. Kanwar
Chairman and Managing Director
(DIN: 00033524)

Sachit Kanwar
Joint Managing Director
(DIN: 02132124)

V.K. Pargal (DIN: 00076639)
P.K. Mittal (DIN: 00165315)
Satya Prakash Mangal (DIN: 01052952)
Gautam Mukherjee (DIN: 02590120)
N.V. Srinivasan (DIN: 00879414)
Seethalakshmi Venkataraman (DIN: 07156898)
Directors

(V.P. Jain)
Partner
Membership No. 81514

Shalesh Kumar
Chief Financial Officer
(PAN: BOCPS4686F)

Kaushal Narula
Company Secretary
(PAN: AFKPN7593J)

Place: New Delhi
Date: 26 May, 2017

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2017

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(₹ in Lacs)			
Particulars	Note No.	Year ended 31 March, 2017	Year ended 31 March, 2016
1. Revenue from operations (gross)	21	8188.23	15319.20
Less: Excise duty		347.65	334.84
Revenue from operations (net)		7840.58	14984.36
2. Other income	22	180.79	157.60
3. Total revenue		8021.37	15141.96
4. Expenses			
(a) Cost of materials consumed	23	3699.92	6896.37
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23.a	53.72	(0.90)
(c) Employee benefits expense	24	1138.91	1275.41
(d) Finance cost	25	333.35	407.84
(e) Depreciation and amortisation expense	11	143.95	139.60
(f) Other expenses	26	2538.83	5803.37
Total expenses		7908.68	14521.69
5. Profit before extraordinary items and tax		112.69	620.27
6. Extraordinary item			
- Loss by Fire		-	(57.00)
- Insurance Claim		-	57.00
7. Profit before tax		112.69	620.27
8. Tax expense:			
(a) For current year		95.00	240.00
(b) For earlier years		(18.09)	1.96
(c) Net current tax expense		76.91	241.96
(d) Deferred tax (benefit)/expense		(1.42)	(0.71)
Net tax expense		75.49	241.25
9. Profit for the year		37.20	379.02
10. Earnings per share (of ₹ 10/- each):			
Basic & Diluted (in ₹)	27.6	1.11	11.34
See accompanying notes forming part of the financial statements	1-27		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **V.P. Jain & Associates**
Chartered Accountants
Firm Registration No. 015260N

Surinder P. Kanwar
Chairman and Managing Director
(DIN: 00033524)

Sachit Kanwar
Joint Managing Director
(DIN: 02132124)

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Directors

(V.P. Jain)
Partner
Membership No. 81514

Sharesh Kumar
Chief Financial Officer
(PAN: BOCPS4686F)

Kaushal Narula
Company Secretary
(PAN: AFKPN7593J)

Place: New Delhi
Date: 26 May, 2017

Consolidated Cash Flow Statement

for the year ended 31 March, 2017

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		(₹ in Lacs)	
Particulars		Year Ended 31 March, 2017	Year Ended 31 March, 2016
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax and extraordinary items	112.69	620.27
	Adjustments for:		
	Depreciation & misc. expenditure written off	143.95	140.31
	Loss by fire	-	57.00
	Insurance claim	-	(57.00)
	Loss on sale of fixed assets	4.96	-
	Interest and other charges	333.35	402.37
	Interest Income	(113.79)	(117.14)
	Profit on sale of Asset	(0.05)	(0.03)
	Operating profit before working capital changes	481.11	1045.78
	Changes in Working Capital		
	Adjustments for (increase)/decrease in operating assets:		
	Trade receivables	99.05	(863.59)
	Inventories	363.40	(900.36)
	Other non current assets	(180.59)	(24.44)
	Long term loans & advances	(3.02)	(5.00)
	Short term loans & advances	324.03	251.46
	Other current assets	56.99	(57.00)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	(981.74)	1827.94
	Short term provisions	(68.94)	150.38
	Other long term liabilities	(0.09)	(2.56)
	Long term provisions	0.21	(9.86)
	Other current liabilities	(258.99)	(700.19)
	Cash generated from operations	(168.59)	712.56
	Direct taxes paid (Net)	(76.91)	(241.96)
	Cash flow from operating activities	(245.50)	470.60
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(68.04)	(124.36)
	Sale of Fixed Assets	2.11	17.87
	Interest Received	113.79	117.13
	Net Cash from/(used) in investment activities	47.86	10.64
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from issue of share capital	-	125.00
	Proceeds from long/short term borrowings (Net)	143.38	(296.39)
	Interest and other charges paid	(333.35)	(402.37)
	Dividend including dividend distribution tax paid	(47.24)	(39.99)
	Net Cash (used)/from financing activities	(237.21)	(613.75)
	Net increase/(decrease) in cash and cash equivalents	(434.85)	(132.51)
	Opening balance of Cash and cash equivalents *	1781.97	1914.48
	Closing balance of Cash and cash equivalents *	1347.12	1781.97
	* Including Interest accrued		
Notes :			
1.	The cash flow is based on and derived from the accounts of the company for the year ended 31 March, 2017 and 31 March, 2016.		
2.	Cash and cash equivalents comprise of:		
	Cash in hand	1.95	3.45
	Balance with scheduled banks:		
	in Current Accounts	299.60	473.17
	in margin accounts	1020.41	1268.90
	interest accrued on fixed deposits	25.16	36.45
	Cash and cash equivalents at the end of the year	1347.12	1781.97
3.	Balance in Current Accounts include balance in unpaid dividend accounts amounting to ₹ 12.68 Lacs as on 31 March, 2017 and ₹ 11.64 Lacs as on 31 March, 2016.		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **V.P. Jain & Associates**
Chartered Accountants
Firm Registration No. 015260N

Surinder P. Kanwar
Chairman and Managing Director
(DIN: 00033524)

Sachit Kanwar
Joint Managing Director
(DIN: 02132124)

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Seethalakshmi Venkataraman (DIN: 07156898)
Directors

(V.P. Jain)
Partner
Membership No. 81514

Sharesh Kumar
Chief Financial Officer
(PAN: BOCPS4686F)

Kaushal Narula
Company Secretary
(PAN: AFKPN7593J)

Place: New Delhi
Date: 26 May, 2017

Notes

Forming part of the Consolidated Financial Statements

Note	Particulars
1. SIGNIFICANT ACCOUNTING POLICIES	
1.1	The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accruals basis to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the act") and the relevant provisions of the act. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
1.2	The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.
1.3	<p>a) The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation of the consolidated financial statements as laid down in accounting standard (AS 21) "Consolidated Financial Statements."</p> <p>b) The excess of cost to the parent company of its investments in subsidiaries over its share of equity in the subsidiary at the date on which investment was made is recognized in the financial statements as goodwill. The excess of company's portion of equity of the subsidiary over the cost of investment as at the date of its investment is treated as capital reserve.</p>
1.4	Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Cost is inclusive of duties, taxes (non-adjustable), any directly and indirectly attributed cost of bringing the assets to its working condition for its intended use, including depreciation on the machines used for manufacturing of assets. Financing cost on borrowings for acquisition or construction of fixed assets, for the period upto the date of acquisition of fixed assets or when the assets are ready to put to use/the date of commencement of commercial production, is included in the cost of fixed assets.
1.5	Borrowing cost that is directly attributable to the acquisition or construction of a qualifying asset is considered as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.
1.6	The depreciation is charged as under:- <p>(a) In the Group, depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in schedule II to the Act.</p> <p>(b) In the Group, Intangible assets are amortised as per the provisions of AS-26.</p>
1.7	<p>a) Inventories are valued as under:-</p> <p>A. In holding company:-</p> <p>(a) Raw materials, components, stores & spares are valued at cost or net realisable value whichever is less.</p> <p>(b) The contracts Work-in-Progress as at the end of the year is valued on percentage of completion method as per AS 7 "Construction Contracts" as below.</p> <p>i) Revenue is recognised when the value of running bill is more than 25%.</p> <p>ii) The entire increase in WIP (In respect of contracts which remains in progress as at the end of the year) is considered revenue of the year.</p> <p>For the purpose of valuation, cost means the direct cost on a particular job excluding depreciation and finance charges, which are directly charged to Profit and Loss Statement.</p> <p>B. In subsidiary company:-</p> <p>(a) Raw materials, components, stores & spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.</p> <p>(b) Work-in-Progress valued at weighted average cost. The Cost includes Direct Materials, labour and a proportion of manufacturing overheads based on normal operating capacity.</p> <p>(c) Finished goods valued at lower of cost and net realisable value. Finished goods cost includes cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.</p> <p>Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.</p>

-
- 1.8** In the subsidiary company sales are accounted on the basis of actual dispatches when significant risks and rewards of ownership are passed on to the customers. Sales are net of sales tax/value added tax/trade discounts. Duty Drawback (Export Incentive) is recognised when the goods are handed over to Customs for exports.
-
- 1.9** Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in bonded warehouses.
-
- 1.10** For the purpose of classifying an asset as Current or Non current on operating cycle basis, the scheduled period of contract completion increased by any extension allowed by the contractee is considered to be operating cycle. Trade receivables due for payment for the purpose of classifying as Current/Non-Current are classified from the date when defect liability period or retention period ends.
-
- 1.11** (a) Dividend income is recognized when the right to receive the dividend is established.
(b) Interest income is recognized on time proportion basis.
-
- 1.12** The following items are accounted for based on certainty of realization/payments:
(a) Extra items claim.
(b) Insurance claims.
(c) Any receipts/additional liability on account of pending income tax, sales tax and excise duty assessments.
(d) Penalties or interests, if any, on delayed payment of statutory dues.
-
- 1.13** Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. All Foreign Currency Monetary items outstanding at the year end are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Foreign Currency Monetary Items at the end of the year is recognized as income or expense, as the case may be, for the year.
-
- 1.14** (a) Investments are either classified as Non-Current or Current Investments. The cost of investments includes acquisition charges such as brokerage, fees and duties.
(b) Current investments are carried at lower of cost and fair value. Non-Current investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.
-
- 1.15** (a) **Short Term Employee Benefits:**
Short term Employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Statement for the year in which related services are rendered.
- (b) **Defined Contribution Plans:**
Company's contributions and other amount, if any, payable during the year towards Provident Fund, Pension Fund and Employee State Insurance are recognized in the Profit and Loss Statement of the year.
- (c) **Defined Benefit Plans:**
Company's liability towards gratuity in accordance with Payment of Gratuity Act, 1972 and other long term benefits are determined and accounted in accordance with AS-15 (Revised) based on the Actuarial Valuation as on the balance sheet date. So far as the gratuity is concerned the company contributes the ascertained liability to the Life Insurance Corporation of India which administers the contributions and makes the payment at retirement, death or incapacitation of employment to employee.
-
- 1.16** Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating Lease payments are recognized as an expense in the Profit & Loss Statement as per the lease terms.
-
- 1.17** The Company provides current tax based on the provisions of the Income Tax Act applicable to it. Timing differences between book profit and taxable profit, if any, is recognized as deferred tax asset considering prudence.
-
- 1.18** Basic Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
-
- 1.19** An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired.
-
- 1.20** Provisions are recognized in terms of Accounting Standard 29--'Provisions, Contingent Liabilities and Contingent Assets'. When there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where there reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognized in the financial statements.
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Note 2: Share capital

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	₹ in Lacs	Number of shares	₹ in Lacs
(a) Authorised				
Equity shares of ₹10 each with voting rights	3,50,00,000	3,500.00	3,50,00,000	3,500.00
Cumulative Redeemable Convertible or Non-convertible Preference shares of ₹ 100 each	500,000	500.00	5,00,000	500.00
Non-Cumulative Redeemable or Non-Cumulative Convertible Preference shares of ₹ 100 each	150,000	150.00	1,50,000	150.00
		4,150.00		4,150.00
(b) Issued, Subscribed and Fully paid up				
Equity shares of ₹ 10 each with voting rights	33,43,243	334.32	33,43,243	334.32
10% Non-Cumulative Redeemable Preference Shares of ₹ 100 each	1,25,000	125.00	1,25,000	125.00
Total	34,68,243	459.32	34,68,243	459.32

Notes:
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Issue of Shares	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2017			
- Number of shares	33,43,243	-	33,43,243
- Amount (₹ in Lacs)	334.32	-	334.32
Year ended 31 March, 2016			
- Number of shares	33,43,243	-	33,43,243
- Amount (₹ in Lacs)	334.32	-	334.32
10% Non-Cumulative Redeemable Preference Shares			
Year ended 31 March, 2017			
- Number of shares	1,25,000	-	1,25,000
- Amount (₹ in Lacs)	125.00	-	125.00
Year ended 31 March, 2016			
- Number of shares	-	125,000	1,25,000
- Amount (₹ in Lacs)	-	125.00	125.00

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mr. Surinder P. Kanwar	14,66,695	43.87	18,66,695	55.83
Gulab Merchandise Private Limited	6,44,825	19.29	2,44,825	7.32
10% Non-Cumulative Redeemable Preference Shares				
Gulab Merchandise Private Limited	70,000	56.00	70,000	56.00
Ultra Consultants Private Limited	55,000	44.00	55,000	44.00

(iii) Rights and Restrictions attached to each class of shares:
Equity Shares

- Each holder of Equity shares is entitled to one vote per share.
- Each holder of Equity shares as on the record date is entitled to dividend when declared in the Annual general meeting.

10% Non-Cumulative Redeemable Preference Shares (NCRPS)

The 10% NCRPS issued by the company shall be non-participating, carry a preferential right vis-a-vis the equity shares of the company, with respect to payment of dividend and repayment in case of a winding up or repayment of capital and shall be redeemable in tranches over a period of 20 years.

Note 3: Reserves and surplus

(₹ in Lacs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Capital reserve		
Opening balance	0.68	0.68
Closing balance	0.68	0.68
(b) Securities premium account		
Opening balance	162.43	162.43
Closing balance	162.43	162.43
(c) General reserve		
Opening balance	1525.27	1425.27
Add: Transferred from surplus in Statement of Profit and Loss	-	100.00
Closing balance	1525.27	1525.27
(d) Surplus in Statement of Profit and Loss		
Opening balance	1869.99	1639.27
Add: Profit for the year	37.21	379.02
Less:		
Dividend of ₹ 1.20 per share	-	40.12
Tax on dividend	-	8.17
Transferred to:		
General reserve	-	100.00
Closing balance	1907.20	1870.00
Total	3595.58	3558.38

Note 4: Long-term borrowings

(₹ in Lacs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Term loans		
From banks		
Secured (See Notes Below)	2.97	44.12
Total	2.97	44.12

Notes:

- (i) Details of terms of repayment for the long-term borrowings and security provided in respect of secured long-term borrowings:

(₹ in Lacs)

Particulars	Terms of repayment	ROI	Security	As at 31 March, 2017 Secured	As at 31 March, 2016 Secured
Term loans from banks:					
Axis Bank Limited	59 EMI	9.76%	Against Hypothecation of Excavator	-	5.16
Axis Bank Limited	59 EMI	10.76%	Against Hypothecation of Rock Breaker	-	1.03
Axis Bank Limited	59 EMI	10.13%	Against Hypothecation of Hydra Crane	-	2.37
Axis Bank Limited	59 EMI	11.00%	Against Hypothecation of DG Set	-	1.52
Axis Bank Limited	59 EMI	10.50%	Against Hypothecation of Batching Plant	-	3.99
Oriental Bank of Commerce	36 EMI	10.50%	Against Hypothecation of Vehicle	-	18.74
Axis Bank Limited	35 EMI	10.15%	Against Hypothecation of Crane	2.97	11.31
Total				2.97	44.12

- (ii) For the current maturities of long-term borrowings, refer item (a) in Note 9 Other current liabilities.

Note 5: Other long-term liabilities

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Trade Payables:		
Other than Acceptances	2.99	3.08
Total	2.99	3.08

Note 6: Long-term provisions

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Provision for employee benefits:		
(i) Provision for compensated absences	68.02	67.99
(ii) Provision for Gratuity	3.28	3.10
(b) Provision - Others:		
(i) Provision for Excise Duty	45.27	45.27
Total	116.57	116.36

Note 7: Short-term borrowings

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Loans repayable on demand		
From banks		
Secured (See Notes below)	695.76	593.12
(b) Loans and advances from related parties		
Unsecured	160.00	50.00
(c) Other Loans and advances		
Unsecured	20.00	-
(d) NSIC RMA Account (Secured against Bank Guarantee)	76.01	73.29
Total	951.77	716.41

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	(₹ in Lacs)	
		As at 31 March, 2017	As at 31 March, 2016
Loans repayable on demand from banks:			
SBI Cash Credit A/c	Against Pari passu charge on Moveable	160.25	62.12
ICICI Cash Credit A/c	Fixed Assets and Current Assets of the Company	255.47	294.13
OBC Cash Credit A/c	Stock and Debtors	280.04	236.87
Total		695.76	593.12

ii) Above short-term borrowings are also guaranteed by a promotor director.

Note 8: Trade payables

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of Trade Payable other than micro enterprises and small enterprises		
Acceptances	-	192.93
Other than Acceptances	3315.86	4104.68
Total	3315.86	4297.61

Note 9: Other current liabilities

		(₹ in Lacs)	
Particulars	As at 31 March, 2017	As at 31 March, 2016	
(a) Current maturities of long-term debt (Refer Note below)	41.15	91.99	
(b) Unpaid dividends	12.68	11.64	
(c) Other payables			
(i) Statutory Dues	33.42	54.93	
(ii) Payables on Purchase of Fixed Assets & CWIP	2.94	4.67	
(iii) Employees Dues	116.89	122.34	
(iv) Contractually reimbursable expenses	7.97	7.77	
(v) Security Deposits from customers	25.26	25.26	
(vi) Contract Mobilisation Advances from customers	302.81	449.49	
(vii) Other Payables	128.51	211.00	
(viii) Customers credit balances	5.78	7.10	
Total	677.41	986.19	

Note: Current maturities of long-term debt (Refer Note (ii) in Note 4 - Long-term borrowings for details of security):

		(₹ in Lacs)	
Particulars	As at 31 March, 2017	As at 31 March, 2016	
Term loans From banks (Secured)			
Axis Bank Excavator Loan	5.16	11.57	
Axis Bank Rock Breaker Loan	1.03	2.29	
Axis Bank Crane Loan	2.37	5.29	
Axis Bank D G Set Loan	1.52	2.88	
Axis Bank Batching Plant Loan	3.99	6.30	
Axis Bank Crane Loan	-	6.35	
HDFC Bank Crane Loan	-	20.80	
Oriental Bank of Commerce Car Loan	18.74	22.82	
Axis Bank D G Set Loan	-	6.15	
Axis Bank Hydra Crane Loan	8.34	7.54	
Total	41.15	91.99	

Note 10: Short-term provisions

		(₹ in Lacs)	
Particulars	As at 31 March, 2017	As at 31 March, 2016	
(a) Provision for employee benefits:			
(i) Provision for compensated absences	48.66	40.64	
(b) Provision - Others:			
(i) Provision for proposed equity dividend	-	40.12	
(ii) Provision for tax on proposed dividends	-	8.17	
(iii) Provision for other Outstanding Liabilities	215.91	292.86	
	215.91	341.15	
Total	264.57	381.79	

Note 11: Fixed Assets

(₹ in Lacs)

Particulars	Gross Block At Cost			Depreciation/Amortisation			Net Block			
	As At 01/04/2016	Addition	Disposals	As At 31/03/2017	Upto 31/03/2016	For The Year	Disposals	Upto 31/03/2017	As At 31/03/2017	As At 31/03/2016
(A) Property, plant and equipment										
LAND	534.34	-	-	534.34	-	-	-	-	534.34	534.34
PLANT & MACHINERY	1084.41	16.50	9.56	1091.35	247.24	71.97	5.73	313.48	777.87	837.17
TOOLS & DIES	149.61	35.19	-	184.80	52.63	30.47	-	83.10	101.70	96.97
TRACTOR	1.56	-	-	1.56	1.48	-	-	1.48	0.08	0.08
OFFICE EQUIPMENTS	7.57	-	-	7.57	4.79	1.21	-	6.00	1.57	2.79
FURNITURE & FIXTURES	85.49	20.73	-	106.22	21.53	9.03	-	30.56	75.65	63.95
ELECTRICALS FITTINGS	5.22	-	-	5.22	3.00	0.85	-	3.85	1.38	2.23
ELECTRIC INSTALLATION	19.20	-	-	19.20	4.41	1.92	-	6.33	12.87	14.79
VEHICLES	93.52	-	7.06	86.46	20.16	10.20	3.92	26.44	60.02	73.35
COMPUTERS	111.91	4.86	0.98	115.79	91.58	7.84	0.93	98.49	17.30	20.33
TOTAL (A)	2092.83	77.28	17.60	2152.51	446.82	133.49	10.58	569.73	1582.78	1646.00
(B) Intangible Assets										
GOODWILL	0.07	-	-	0.07	-	-	-	-	0.07	0.07
SOFTWARE	50.85	10.29	-	61.14	8.71	10.46	-	19.17	41.97	42.14
TOTAL (B)	50.92	10.29	-	61.21	8.71	10.46	-	19.17	42.04	42.21
TOTAL (A+B)	2143.75	87.57	17.60	2213.72	455.53	143.95	10.58	588.90	1624.82	-
PREVIOUS YEAR	2041.40	123.30	20.95	2143.75	318.33	139.60	3.11	455.53	-	1688.21
CAPITAL WORK-IN-PROGRESS										
TOOL ROOM	-	-	-	-	-	-	-	-	1.06	20.59
Total Capital Work-In-Progress	-	-	-	-	-	-	-	-	1.06	20.59

(C) The Accounting Standard (AS) 10 'Property, Plant and Equipment' amended by Central Government, has become applicable to the company from 01 April, 2016. In accordance with the transitional provisions prescribed in the said AS, the group has adopted the cost model as its accounting policy.

Note 12: Non-current investments

(₹ in Lacs)

Particulars	As at 31 March, 2017			As at 31 March, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost less provision for other than temporary diminution)						
A Other investments						
(a) Investment in equity instruments						
(i) of other entities						
293300 Equity Shares of ₹ 10 each fully paid up in Bharat Gears Ltd.	146.88	-	146.88	146.88	-	146.88
10000 Equity Shares of ₹ 10 each fully paid up in BST Mfg. Ltd.	-	1.25	1.25	-	1.25	1.25
Total - Other investments	146.88	1.25	148.13	146.88	1.25	148.13
Less: Provision for diminution in value of investments			1.15			1.15
Total			146.98			146.98
Aggregate amount of quoted investments			146.88			146.88
Aggregate market value of listed and quoted investments			340.67			184.63
Aggregate amount of unquoted investments (Net of Provision)			0.10			0.10

Note 13: Deferred tax liability (Net)

(₹ in Lacs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Arising on account of timing difference in -		
(a) Provision for doubtful advances	(0.18)	(0.18)
(b) Provision for diminution in value of investment	(0.44)	(0.44)
(c) Depreciation	67.10	65.37
(d) Disallowance u/s 43B of I.T. Act.	(16.97)	(16.91)
(e) Employees Benefits as per AS-15	(45.56)	(42.47)
(f) Others	0.06	0.06
Total	4.01	5.43

Note 14: Long-term loans and advances

(₹ in Lacs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Security deposits		
Unsecured, considered good	22.93	17.91
Capital Advances	-	2.00
Total	22.93	19.91

Note 15: Other non-current assets

(₹ in Lacs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Long-term trade receivables		
Unsecured, considered good	209.92	29.33
Total	209.92	29.33

Note 16: Inventories

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Raw materials		
Stock in hand	172.78	148.05
Goods-in-transit	6.41	196.58
	179.19	344.63
(b) Work-in-progress Contracts Inventory	14856.72	14560.50
Less : Payments Received	13447.89	12991.72
	1408.83	1568.78
(c) Finished goods	40.22	80.43
	40.22	80.43
(d) Stores & Spares	8.52	6.32
	8.52	6.32
Total	1636.76	2000.16

Note 17: Trade receivables

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Trade receivables outstanding for over six months		
Unsecured, considered good	579.83	352.31
Other Trade receivables		
Unsecured, considered good	3521.00	3847.57
Total	4100.83	4199.88

Note 18: Cash and cash equivalents

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Cash in hand	1.95	3.45
(b) Balances with banks		
(i) In current accounts	286.92	461.53
(ii) In earmarked accounts		
- Unpaid dividend accounts	12.68	11.64
- Balances held as margin money (Refer Note (i) below)	1020.41	1268.90
Total	1321.96	1745.52

Note:

- (i) Balances with banks held as margin money include deposits amounting to ₹ 110.60 Lacs (As at 31 March, 2016 ₹ 423.40 Lacs) which have an original maturity of more than 12 months.

Note 19: Short-term loans and advances

		(₹ in Lacs)	
Particulars	As at 31 March, 2017	As at 31 March, 2016	
(a) Security deposits			
Unsecured, considered good	3.27	4.66	
(b) Loans and advances to employees			
Unsecured, considered good	7.64	11.47	
(c) Prepaid expenses			
Unsecured, considered good	121.60	157.26	
(d) Advance income tax (net of provisions)			
Unsecured, considered good	53.28	180.64	
(e) Others			
Unsecured, considered good			
Advances recoverable in cash or in kind or for value to be received	114.84	270.63	
Doubtful	0.54	0.54	
	115.38	271.17	
Less: Provision for other doubtful loans and advances	0.54	0.54	
	114.84	270.63	
Total	300.63	624.66	

Note 20: Other current assets

		(₹ in Lacs)	
Particulars	As at 31 March, 2017	As at 31 March, 2016	
Interest accrued on fixed deposits with Banks	25.16	36.45	
Insurance claim receivable	-	57.00	
Total	25.16	93.45	

Note 21: Revenue from operations

		(₹ in Lacs)	
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016	
(a) Sale of products	2629.35	2542.24	
(b) Sale of services (Completed Contracts/Supply Contracts)	5214.99	8453.87	
(c) Increase/(Decrease) in WIP of contracts inventory (Net of Completed Contracts)	309.73	4294.08	
(d) Other Operating Revenues:-			
Sale of Scrap	34.16	29.01	
Revenue from operations (Gross)	8188.23	15319.20	
Less:			
(e) Excise duty	347.65	334.84	
Revenue from operations (Net)	7840.58	14984.36	

Note 22: Other income

		(₹ in Lacs)	
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016	
(a) Interest income (Refer Note (i) below)	113.79	117.14	
(b) Net gain on foreign currency transactions and translation	0.85	0.10	
(c) Other non-operating income (Refer Note (ii) below)	66.15	40.36	
Total	180.79	157.60	

		(₹ in Lacs)	
Note	Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
(i)	Interest income comprises:		
	Interest from banks on Deposits	85.10	117.13
	Interest Others	0.01	0.01
	Interest on income tax refund	28.68	-
	Total - Interest income	113.79	117.14
(ii)	Other non-operating income comprises:		
	Profit on Sale of Fixed Asset	0.05	0.03
	Unclaimed Balances written back	43.50	0.05
	Discount received	-	0.09
	Excess Provision written back	-	38.51
	Export Incentives	5.90	1.50
	Insurance Claim received	0.61	-
	Miscellaneous income	16.09	0.18
	Total - Other non-operating income	66.15	40.36

Note 23: Cost of materials consumed

		(₹ in Lacs)	
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016	
Opening stock	148.05	77.25	
Add: Purchases	3724.64	6967.17	
	3872.69	7044.42	
Less: Closing stock	172.77	148.05	
Cost of materials consumed	3699.92	6896.37	

Note 23.a: Changes in inventories of finished goods, work-in-progress and stock-in-trade

		(₹ in Lacs)	
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016	
Inventories at the end of the year:			
Finished goods	40.23	80.44	
Work-in-progress	50.94	64.45	
	91.17	144.89	
Inventories at the beginning of the year:			
Finished goods	80.44	97.61	
Work-in-progress	64.45	46.38	
	144.89	143.99	
Net (increase)/decrease	53.72	(0.90)	

Note 24: Employee benefits expense

Particulars	(₹ in Lacs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries and wages	1013.22	1127.06
Contributions to provident and other funds	66.40	85.17
Staff welfare expenses	59.29	63.18
Total	1138.91	1275.41

Note 25: Finance cost

Particulars	(₹ in Lacs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
(a) Interest expense on:		
(i) Borrowings	132.35	126.81
(ii) Trade payables	5.39	9.39
(b) Other borrowing costs		
(Bank and other financing charges)	195.61	271.64
Total	333.35	407.84

Note 26: Other expenses

Particulars	(₹ in Lacs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
Consumption of stores and spare parts	87.81	192.86
Job Work Expenses	87.41	80.64
Erection Expenses	1139.89	3972.52
Power and fuel	48.16	60.50
Hire Charges	13.24	102.96
Travelling & Conveyance	153.32	144.22
Rent	121.32	97.85
Repairs and maintenance - Machinery	16.63	22.75
Insurance	39.99	37.86
Rates and taxes	173.81	407.88
Freight and forwarding	162.54	197.80
Marketing Service Fees	179.92	152.88
Payments to auditors (Refer Note (i) below)	8.39	8.50
Loss on fixed assets sold	4.96	-
Foreign Exchange Fluctuation Loss	-	1.94
Legal & Professional Charges	102.57	113.21
Miscellaneous expenses	198.87	209.00
Total	2538.83	5803.37

Note:

Particulars	(₹ in Lacs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
(i) Payments to the auditors comprises (including service tax)		
Fees:-		
Statutory audit	3.48	3.46
Company Law Matters	0.83	0.68
Limited Review and other certifications	3.46	3.86
Reimbursement of expenses	0.62	0.50
Total	8.39	8.50

Note 27: Additional information to the financial statements

Note	Particulars	(₹ in Lacs)	
		As at 31 March, 2017	As at 31 March, 2016
27.1	Contingent liabilities		
1.	Guarantees/Letter of Credit given by the banks which are counter Guaranteed by the Company and secured against Fixed & Current Assets	6034.99	7304.30
2.	Others where company had gone in to appeals before appropriate authorities:		
	- Sales Tax	9.74	9.74
	- Income Tax	1.74	5.72

27.2 Lease Rental

In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures in respect of Operating Leases are made :

The Subsidiary Company has acquired properties under cancellable operating leases for a period of 20 years. Details of total minimum lease payment for the current year (included under rent) and the future minimum lease payments in respect of properties taken under cancellable operating lease agreements are as follows:

Period	(₹ in Lacs)	
	2016-17	2015-16
Not later than one year	46.51	28.29
Later than one year but not later than 5 years	216.90	124.23
More than 5 years	943.01	516.32

Operating Lease payments recognized in the Profit and Loss Statement for the year are as follows:

Particulars	(₹ in Lacs)	
	As at 31 March, 2017	As at 31 March, 2016
Car Lease Rent	18.83	18.12
Factory Shed Rent	44.99	26.72
Particulars	As at 31 March, 2017	As at 31 March, 2016

27.3 Employee Benefits:

Defined Contribution Plan:

The employer's contributions to the Provident Fund and Superannuation Fund are charged to the Profit and Loss Statement.

Defined Benefit Plan/Long Term Compensated Absences:

The liability towards gratuity (Funded) and compensated absences is determined on the basis of the year end actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognized immediately in the Profit and Loss Statement as an income or expense.

Note 27: Additional information to the financial statements (Contd.)

(₹ in Lacs)

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
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27.3(a) Defined Contribution Plan:

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

Particulars	Year Ended 31 March, 2017 (₹ in Lacs)	Year Ended 31 March, 2016 (₹ in Lacs)
Contribution to Provident Fund and Family Pension Fund	47.15	50.22
Contribution to Superannuation Fund	5.54	15.84

27.3(b) Defined Benefit Plan:

A general description of the Employees Benefit Plans:

(i) Gratuity (Funded)

The Holding Company has an obligation towards gratuity, a funded defined benefits retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment, of an amount calculated in accordance with the provisions of the Payment of Gratuity Act, 1972.

Details of defined benefit plans - As per Actuarial Valuation as on 31 March 2017.

(₹ in Lacs)

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity Funded	Gratuity Unfunded	Gratuity Funded	Gratuity Unfunded
Components of employers expenses				
Components of employers expenses				
Current service cost	8.30	1.09	9.05	1.15
Interest Cost	8.21	0.23	8.07	0.16
Expected return on Plan Assets	(8.32)		(8.89)	-
Actuarial Losses/(Gains)	(1.37)	(1.15)	5.02	(0.21)
Total expenses recognized in the Profit & Loss Statement *	6.82	0.17	13.25	1.10
(* Included in Note No. 24)				
Actual Contribution & Benefits payment for the year				
Actual Benefit payments	19.71	-	13.37	-
Actual Contributions	1.35	-	4.31	-
Net asset/(liability) recognised in the Balance Sheet				
Present Value of Defined Benefits Obligation	104.97	3.28	109.53	3.10
Fair value of Plan Assets	100.86	-	110.90	-
Funded Status [Surplus/(Deficit)]	(4.11)	(3.28)	1.37	(3.10)
Net asset/(liability) recognized in the Balance Sheet	(4.11)	3.28	1.37	3.10
Change in Defined Benefit Obligation during the year				
Present value of Defined Benefit Obligation as at the beginning of the year	109.53	3.10	100.89	2.01
Current Service Cost	8.30	1.09	9.05	1.15
Interest Cost	8.21	0.23	8.07	0.16
Actuarial Losses/(Gains)	(1.37)	(1.15)	4.89	(0.21)
Benefits paid	(19.71)	-	(13.37)	-
Present value of Defined Benefits Obligation as at the end of the year	104.97	3.28	109.53	3.11

Note 27: Additional information to the financial statements (Contd.)

(₹ in Lacs)

Change in Fair Value of the Plan Assets during the year

Plan Asset as at the beginning of the year	110.90	-	111.21	-
Expected return on Plan Assets	8.32	-	8.89	-
Actual Company Contributions	1.35	-	4.31	-
Actuarial (Losses)/Gains	-	-	(0.14)	-
Benefits Paid	(19.71)	-	(13.37)	-
Plan Assets as at the end of the year	100.86	-	110.90	-

Actuarial Assumptions

Discount Rate	7.50%	7.50%	8.00%	8.00%
Expected return on plan assets	7.50%	-	8.00%	-
Salary escalation Rate	5.00%	5.00%	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 investments of funds during estimated term of obligation. Actual return on Plan Assets is ₹ 8.32 lacs.

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.

Insurer Managed funds	100%	-	100%	-
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Experience Adjustments

Present value of Defined Benefit Obligation as at the end of the year	104.97	-	109.53	-
Fair value of plan asset as at the end of the year	100.86	-	110.90	-
Funded Status [Surplus/(Deficit)]	(4.11)	-	1.37	-
Experience adjustment on Plan Liabilities	(4.63)	-	4.89	-
Experience adjustment on Plan Asset	-	-	(0.72)	-

The liability for leave encashment is accounted for on accrual basis on actuarial valuation at the year end.

Note: Figures in brackets showing negative amount.

27.4 Segment Reporting

Accounting Standard on "Segment Reporting" (AS-17) is applicable to the group as the holding and subsidiary company are into different business activities having differing risks and returns. The Group has considered business segment as the reportable segment for the purpose of segment reporting disclosure. The business segments are Construction activity (civil, mechanical and engineering) 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.

(₹ in Lacs)

Particulars	Construction Activity		Auto Mobile Components		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Segment Revenue	5524.72	12747.95	2315.86	2236.41	7840.58	14984.36
Segment Expenses	5412.39	12156.71	2496.29	2374.26	7908.68	14530.97
Segment Results	112.33	591.24	(180.43)	(137.85)	(68.10)	453.39
Segment Assets	8794.79	8604.46	2030.61	2018.95	10825.40	10623.41
Segment Liabilities	4080.41	5423.27	1251.72	1073.90	5332.13	6497.17
Capital expenditure for the year	35.31	92.51	32.73	31.85	68.04	124.36

Note 27: Additional information to the financial statements (Contd.)

27.5 Related party transactions

a) Enterprises over which key managerial personnel is able to exercise significant influence (Associates):

- 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 P. Kanwar (SPK) – CMD
- Mr. Sachit Kanwar (SK) – JMD
- Mr. Prabhat Chand Kothari (PCK)
- Mr. Jagdeep Singh (JS)

Note: Related parties are as identified by the company and relied upon by the Auditors.

Details of transactions with the related parties and their relatives during the year ended 31 March, 2017.

A. Enterprises over which key managerial personnel is able to exercise significant influence:

Nature of Transaction	2016-17 (₹ in Lacs)	2015-16 (₹ in Lacs)
- Rent paid (BGL)	11.82	11.62
- Marketing Service Fee (BGL)	131.37	121.53
- Rent paid (VFIPL)	5.52	2.73
- Electricity Charges Paid (VFIPL)	0.77	0.88
- Corporate Guarantee (VFIPL) offered for credit limits availed by company from:		
- Kotak Mahindra Bank Ltd.	1000.00	1000.00
- SBI Mumbai	6800.00	7700.00
- ICICI Bank Ltd.	2300.00	2300.00
- Issue of Preference Share Capital (GMPL)	-	70.00
- Issue of Preference Share Capital (UCPL)	-	55.00
- Repayment of Unsecured Loan (GMPL)	-	70.00
- Interest on Loan (GMPL)	-	3.32
- Repayment of Unsecured Loan (UCPL)	-	55.00
- Interest on Loan (UCPL)	1.08	2.61
- Unsecured Loan (CSIPL)	50.00	-
- Interest on Loan (CSIPL)	2.52	-
- Unsecured Loan (VFIPL)	45.00	-
- Interest on Loan (VFIPL)	2.45	-
- Unsecured Loan (UCPL)	15.00	-

Note 27: Additional information to the financial statements (Contd.)

B. Key Managerial Personnel:

Nature of Transaction	2016-17 (₹ in Lacs)	2015-16 (₹ in Lacs)
- Personal Guarantee Given To Banks For Credit Limits Availed By Company (SPK)	10750.00	12055.00
- Personal Guarantee Given To Banks For Credit Limits Availed By Company (SK)	405.00	405.00
- Interest on loan (SPK)	6.00	6.00
- Remuneration (SK)	93.05	101.00
- Remuneration (SPK)	*	*

*Token remuneration of ₹ 12 (Rupees Twelve) paid to Chairman & Managing Director.

Balance outstanding as at the end of the year

Particulars	As at 31 March, 2017 (₹ in Lacs)	As at 31 March, 2016 (₹ in Lacs)
Amount payable to Enterprises over which key Managerial personnel is able to exercise significant influence	152.14	28.97
- Amount payable to key Managerial personnel (SPK)	50.00	80.00
No amounts have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.		

27.6 Earning Per share

Profit Attributable to Equity Share Holders	As at 31 March, 2017 (₹ in Lacs)	As at 31 March, 2016 (₹ in Lacs)
Profit After Tax & Before Extra Ordinary Items (A)	37.20	379.02
Add/(Less): Extra Ordinary Items	-	-
Profit After Tax & After Extra Ordinary Items (B)	37.20	379.02
Weighted average number of Equity Shares outstanding during the period/year (C)	33,43,243	33,43,243
Basic and Diluted EPS before Extra Ordinary Items (A)/(C)	1.11	11.34
Basic and Diluted EPS after Extra Ordinary Items (B)/(C)	1.11	11.34

27.7 Details of subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership As on 31 March, 2017
Xlerate Driveline india Limited	India	100%

27.8 In response to the request made in March 2017 to the Suppliers for providing copy of the registration certificate, if registered under Micro, Small and Medium Enterprises Development Act 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, 2017.

27.9 The Ministry of Corporate Affairs has notified Section 135 of the Act on Corporate Social Responsibility with effect from 01 April, 2014. As per the provisions of the said Section, the amount of ₹ 15.13 lacs (year ended 31 march 2016: ₹ 12.82 Lacs) was required to be spent on CSR activities by the Holding Company during the year. The Holding Company has not spent any amount in this regard.

27.10 Disclosure on Specified Bank Note

Specified Bank Note (SBNs) and other denominations held and transacted during the period from 08 November, 2016 to 30 December, 2016, is given below as per MCA notification G.S.R 308(E) dated 30 March, 2017:

Particulars	SBNs*	Other Denomination Note	Total
	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)
Closing cash in hand as on 08 November, 2016	5.42	2.51	7.93
(+) Permitted receipts	-	28.04	28.04
(-) Permitted payment	-	27.71	27.71
(-) Amount deposited in Bank	5.42	0.00	5.42
Closing cash in hand as on 30 December, 2016	-	2.84	2.84

*For the purpose of this clause, the term "Specified Bank Note" shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 08 November, 2016.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **V.P. Jain & Associates**
Chartered Accountants
Firm Registration No. 015260N

Surinder P. Kanwar
Chairman and Managing Director
(DIN: 00033524)

Sachit Kanwar
Joint Managing Director
(DIN: 02132124)

V.K. Pargal (DIN: 00076639)
P.K. Mittal (DIN: 00165315)
Satya Prakash Mangal (DIN: 01052952)
Gautam Mukherjee (DIN: 02590120)
N.V. Srinivasan (DIN: 00879414)
Seethalakshmi Venkataraman (DIN: 07156898)
Directors

(V.P. Jain)
Partner
Membership No. 81514

Shalesh Kumar
Chief Financial Officer
(PAN: BOCPS4686F)

Kaushal Narula
Company Secretary
(PAN: AFKPN7593J)

Place: New Delhi
Date: 26 May, 2017

RAUNAQ EPC INTERNATIONAL LIMITED

"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]

S.NO.	PARTICULARS	(₹ in Lacs)
1.	NAME OF SUBSIDIARY	XLERATE DRIVELINE INDIA LIMITED
2.	SHARE CAPITAL	1612.70
3.	RESERVE & SURPLUS	(874.67)
4.	TOTAL ASSETS	2030.78
5.	TOTAL LIABILITIES	1292.75
6.	INVESTMENTS	-
7.	NET TURNOVER	2315.86
8.	PROFIT (LOSS) BEFORE TAXATION	(171.33)
9.	PROVISION FOR TAXATION	(2.51)
10.	PROFIT (LOSS) AFTER TAXATION	(168.82)
11.	% OF SHAREHOLDING	100%



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



PROFORMA FOR UPDATION OF SHAREHOLDER'S INFORMATION

Folio No.	<input type="text"/>	No. of Equity Shares	<input type="text"/>	Specimen Signature (As per application/transfer deed)
Name(s):				
First Holder	<input type="text"/>			_____
Occupation	<input type="text"/>			
Jt. Holder 1	<input type="text"/>			_____
Jt. Holder 2	<input type="text"/>			_____
Address	<input type="text"/>			(In case of Joint Holding, all the Joint Holders to sign)
	<input type="text"/>			
Pin Code	<input type="text"/>			
E-mail Id	_____			
Cert. Nos.	<input type="text"/>			
Dist. Nos.	FROM <input type="text"/>	FROM <input type="text"/>		
	TO <input type="text"/>	TO <input type="text"/>		

- 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.



RAUNAQ EPC INTERNATIONAL LIMITED

(Formerly known as Raunaq International Limited)

REGISTERED OFFICE

20 K.M., Mathura Road, P. O. Amar Nagar,
Faridabad - 121 003 (Haryana)

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