

**Regd. Office :**

17, Rajmugat Society, Naranpura Cross Road,  
Ankur Road, Naranpura,  
Ahmedabad - 380 013. Gujarat, India

**Phone** : +91-79-27415501 / 2 / 3 / 4**Fax** : +91-79-27480999**E-mail** : info@ratnamani.com**Website** : http://www.ratnamani.com**CIN** : L70109GJ1983PLC006460

RMTL/SEC/NOT &amp; AR-2016-17/12IX

12<sup>th</sup> September, 2017

|                                                                                                                                                                                                     |                                                                                                                                                                        |
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| <b>BSE Ltd.</b><br>Corporate Relationship Department<br>1 <sup>st</sup> Floor, New Trading Ring,<br>Rotunda Building, P. J. Tower,<br>Dalal Street, Fort, Mumbai – 400 001<br>Company Code : 520111 | <b>National Stock Exchange of India Ltd.</b><br>"Exchange Plaza", 5th Floor,<br>Bandra – Kurla Complex,<br>Bandra (E),<br>Mumbai - 400 051<br>Company code : RATNAMANI |
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**Subject: Notice of 33<sup>rd</sup> Annual General Meeting & Annual Report 2016-17.**

Dear Sir,

This is to inform you that the 33<sup>rd</sup> Annual General Meeting of the members of Ratnamani Metals & Tubes Limited was held on Tuesday, 12<sup>th</sup> September, 2017 at 10.00 A.M. at The Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad – 380 009, wherein all the resolutions were approved by the Members by requisite majority.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Notice and Annual Report of the Company for the Financial Year - 2016-17 for your ready reference.

Please take the above on your record and notify on your website.

Thanking you,

Yours faithfully,

**FOR RATNAMANI METALS & TUBES LIMITED****JIGAR SHAH  
COMPANY SECRETARY**

Encl.: As above

# NOTICE

**NOTICE** is hereby given that the Thirty-Third Annual General Meeting of the members of **RATNAMANI METALS & TUBES LTD.** will be held on Tuesday, 12th day of September, 2017, at 10.00 A.M. at The Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad-380 009, to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt
  - a) the audited Standalone Financial Statements of the Company for the financial year ended on 31st March, 2017, together with the Reports of the Board of Directors and Auditors thereon; and
  - b) the audited Consolidated Financial Statements of the Company for the financial year ended on 31st March, 2017 and the Report of the Auditors thereon.
2. To declare Dividend on equity shares for the financial year ended on 31st March, 2017.
3. To appoint a Director in place of Shri Jayanti M. Sanghvi (DIN: 00006178), who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Statutory Auditors and fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the appointment of M/s. S. R. B. C. & Co. LLP, Chartered Accountants, Ahmedabad, having Firm Registration No. 324982E/E300003, as Statutory Auditors of the Company for a term of four years i.e. till the conclusion of the 35th Annual General Meeting to be held in the year 2019, which was subject to ratification at every Annual General Meeting, be and is hereby ratified to hold the office from the conclusion of this Annual General Meeting till the conclusion of 34th Annual General Meeting to be held in the year 2018 at such remuneration plus applicable service tax, reimbursement of out-of-pocket expenses, travelling and other expenses incurred in connection with audit to be carried out by them, as may be decided by the Board of Directors."

## Special Business:

5. To ratify the Remuneration payable to the Cost Auditors of the Company for the financial year ending

on 31st March, 2018 and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and Rule No 14 of Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. N. D. Birla & Co., Cost Accountants, Ahmedabad, having Firm Registration No. 000028, being the Cost Auditors appointed by the Board of Directors of the Company to conduct the Cost Audit for the financial year ending on 31st March, 2018, be paid ₹ 1,00,000/- plus applicable service tax and reimbursement of travelling and out-of-pocket expenses incurred by them in connection with aforesaid audit as remuneration."

6. To fix minimum charges for service of various documents on members of the Company and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 or any other law for the time being in force (including any statutory modification(s) or re-enactment thereof, for the time being in force), whereby a document may be served to any shareholder by the Company by sending it to him/her by post or by registered post or by speed post or by courier or by electronic or other mode as may be prescribed depending on event and circumstances of each case from time to time, the consent of the members be and is hereby accorded to charge from the shareholder, the fee in advance amount of ₹100/- for each service of documents, pursuant to any request made by the shareholder for delivery of such document to him/her, through a particular mode of service mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper

or desirable or expedient to give effect to above resolution.”

7. To appoint and fix the remuneration payable to Shri Manoj P. Sanghvi, as Business Head (C.S. Pipes) and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder from time to time, the consent of the Company be and is hereby accorded for payment of remuneration to Shri Manoj P. Sanghvi, son of Shri Prakash M. Sanghvi, Chairman and Managing Director of the Company, as Business Head (C.S. Pipes) and/or to hold office or place of profit in the Company for a period of one year with effect from 1st October, 2017 on a salary and perquisites not exceeding ₹ 8,00,000/- (Rupees : Eight Lacs) per month as may be decided by the Board.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary, proper, expedient and desirable for the purpose of giving effect to this resolution.”

8. To appoint and fix the remuneration payable to Shri Prashant J. Sanghvi, as Business Head (L.S.A.W.) and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder from time to time, the consent of the Company be and is hereby accorded for payment of remuneration to Shri Prashant J. Sanghvi, son of Shri Jayanti M. Sanghvi, Whole Time Director of the Company, as Business Head (L.S.A.W.) and/or to hold office or place of profit in the Company for a period of one year with effect from 1st October, 2017 on a salary and perquisites not exceeding ₹ 8,00,000/- (Rupees : Eight Lacs) per month as may be decided by the Board.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary, proper, expedient and desirable for the purpose of giving effect to this resolution.”

9. To appoint and fix the remuneration payable to Shri Nilesh P. Sanghvi, as Chief Executive (Strategic Business Development) and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder from time to time, the consent of the Company be and is hereby accorded for payment of remuneration to

Shri Nilesh P. Sanghvi, son of Shri Prakash M. Sanghvi, Chairman and Managing Director of Company as Chief Executive (Strategic Business Development) and/or to hold office or place of profit in the Company for a period of one year with effect from 1st October, 2017 on a salary and perquisites not exceeding ₹ 7,00,000/- (Rupees : Seven Lacs) per month as may be decided by the Board.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary, proper, expedient and desirable for the purpose of giving effect to this resolution.”

10. To adopt new set of Articles of Association of the Company in conformity with the Companies Act, 2013 and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the members of the company be and is hereby accorded for alteration of the existing Articles of Association of the company by the adoption of a new set of Articles of Association in total exclusion, substitution and superseding the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and also to take all such steps as may be necessary, proper or expedient to give effect to this resolution including but not limited to incorporation of amendment / suggestion / observations made by the Registrar of Companies, Gujarat.”

**Registered Office:**

17, Rajmugat Society,  
Naranpura Char Rasta,  
Ankur Road, Naranpura,  
Ahmedabad - 380 013

CIN:L70109GJ1983PLC006460

Date: 17th May, 2017

**By Order of the Board**

**Jigar Shah**

**Company Secretary**

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF

MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.

2. The Explanatory statement setting out the material facts pursuant to Section 102(1) of the Companies Act, 2013 ("the Act") concerning the Special Business under Item No. 5 to 10 in the Notice is annexed hereto and forming part of this Notice. The profile of the Director seeking re-appointment, as required in terms of Regulation 36 (3) of the SEBI (L.O.A.D.R.) Regulations, 2015 is annexed.
3. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the meeting shall send the same in advance at the Companies Registered office or RTA Address.
4. In case of joint holders attending the Meeting, only such Joint holder who is higher in the order of names will be entitled to vote.
5. Members/ Proxies/ Authorized Representative should bring the enclosed Attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slip will not be distributed at the Meeting.
6. Members may also note that the Notice of this Annual General Meeting and the Annual Reports for the year 2016-17 will also be available on the Company's website: [www.ratnamani.com](http://www.ratnamani.com).  
All the documents referred to in the accompanying Notice and Explanatory Statements are available for inspection by the members at the Registered Office of the Company on all working days (except Saturdays and public holidays) between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting.
7. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, 6th September, 2017 to Tuesday, 12th September, 2017 (both days inclusive) for the purpose of payment of dividend and Annual General Meeting.
8. Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) in the updation form which is available in the Company's website at [www.ratnamani.com](http://www.ratnamani.com) to their DPs in case the shares are held in electronic mode or to the Registrar and Share Transfer Agents in case the shares are held in physical

mode. It will be also useful for ECS and also for printing on dividend warrant so that there is no fraudulent encashment of the warrants. Members are requested to send their updation form immediately.

#### 9. **GREEN INITIATIVE :-**

SEBI & the Ministry of Corporate Affairs encourage paperless communication as a contribution to greener environment.

Members holding shares in physical mode are requested to register their e-mail ID's with the M/s. Link Intime India Pvt. Ltd., Registrar and Transfer Agent of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs) in case the same is still not registered.

If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Registrars & Share Transfer Agents of the Company in respect of shares held in physical form and to their respective Depository Participants in respect of shares held in electronic form.

10. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rule 18 of the Companies (Management and Administration) Rules, 2014 and regulation 36 of SEBI (LOADR) Regulations, 2015, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email IDs with their respective depository participants or with the share transfer agent of the Company, unless any member has requested for a physical copy of the same.
11. In terms of the provisions of Section 107 of the Companies Act, 2013, since the resolutions set out in this notice are being conducted through E-Voting, the said resolutions will not be decided on show of hands at the Annual General Meeting.
12. As per Section 124 of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividends for the financial year 2008-09 to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 27th August, 2016 (date of last Annual General Meeting) on the website of the Company ([www.ratnamani.com](http://www.ratnamani.com)), also on the website of the IEPF ([www.iepf.gov.in](http://www.iepf.gov.in)).
13. Members are requested to note that the dividends not en-cashed for a period of 7 years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investors Education and

Protection Fund. The details of the Unpaid Dividend lying with the Company are as follows:

| Date of Declaration  | Financial Year | Due for Transfer on  | Unpaid Amt. (as on 31.03.2017) |
|----------------------|----------------|----------------------|--------------------------------|
| 27th August, 2010    | 2009-2010      | 26th September, 2017 | 7.16                           |
| 18th August, 2011    | 2010-2011      | 17th September, 2018 | 10.91                          |
| 26th September, 2012 | 2011-2012      | 25th October, 2019   | 10.18                          |
| 12th August, 2013    | 2012-2013      | 11th September, 2020 | 13.85                          |
| 11th September, 2014 | 2013-2014      | 10th October, 2021   | 14.20                          |
| 23rd September, 2015 | 2014-2015      | 22th October, 2022   | 16.14                          |
| 12th March, 2016     | 2015-2016      | 11th April, 2023     | 25.00                          |

Members who have not en-cashed the Dividend Warrants may approach to the Company immediately for payment as otherwise the same shall be dealt with the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

Members are requested to note that as per the provisions of Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended, all shares on which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred to an IEPF Authority. The Company has sent intimation to all shareholders who have not claimed their dividend for seven consecutive years. All such shareholders are requested to claim their unpaid dividend expeditiously failing which their shares shall be transferred to IEPF Authority and no claim shall lie against the company. The shareholders thereafter need to claim their shares from IEPF Authority by following such procedures as prescribed in the IEPF Rules (as may be amended from time to time). Members are advised to visit the web-link: <http://www.ratnamani.com> to ascertain details of shares liable for transfer in the name of IEPF Authority.

14. If a shareholder has queries on "Accounts, operation and Finance" of the Company, the same may be sent to the Company by them at least ten days before the Meeting so that the answers are readily available at the Meeting.
15. Kindly quote your Ledger Folio Number / Client ID Number in all your future correspondence.
16. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
17. The Company has appointed M/s. Link Intime India Pvt. Ltd. as its Registrar and Transfer Agent. All the shareholders of the Company are requested to correspond directly to the R.T.A. at the following addresses in the matters relating to transfer of shares, unclaimed dividend, change of address, duplicate of shares and dematerialization of shares etc.

| RTA's REGISTERED OFFICE ADDRESS                                                                                                                                                                                                                                                                      | RTA's AHMEDABAD BRANCH ADDRESS                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| M/s. Link Intime India Pvt. Ltd.<br>Unit: Ratnamani Metals & Tubes Ltd.<br>C-101, 247 Park, L. B. S. Marg,<br>Vikhroli West, Mumbai – 400 083.<br>Tel. No. – (022) 49186000<br>Fax No. – (022) 49186060<br>E-mail : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> | M/s. Link Intime India Private Limited<br>Unit: Ratnamani Metals & Tubes Ltd.<br>5th Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1),<br>Besides Gala Business Centre, Nr. St. Xavier's College Corner,<br>Off C. G. Road, Navrangpura, Ahmedabad – 380 009.<br>Tel No. 079-26465179<br>Email : <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a> |

If shares are held in electronic form by the shareholders, then change of address and change in bank Accounts, change in e-mail ID etc. should be furnished to their respective Depository Participants (DPs).

#### 18. **APPEAL TO MEMBERS :**

The Company would like to appeal to its members to hold their shares in Dematerialized (Demat) form. Managing your investment in securities is simple and easy in Demat/Electronic form and it has many advantages over managing it in physical form as there is no scope of loss, misplacement, theft or deterioration of securities in Demat form. The members may get in touch with the M/s. Link Intime India Pvt. Limited at [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in), our Registrar and Share transfer Agent or the Company Secretary at [jigar.shah@ratnamani.com](mailto:jigar.shah@ratnamani.com) for any query relating to Demat.

19. Non-Resident Indian Members are requested to inform M/s. Link Intime India Private Limited, immediately of:
  - a. Change in their residential status on return to India for permanent settlement.
  - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
20. Securities and Exchange Board of India (SEBI) has made it mandatory for every participant in the securities / capital market to furnish Income Tax Permanent Account Number (PAN). Accordingly all the shareholders are requested to

submit their Permanent Account Number along with photocopy of both the sides of the PAN Card duly attested.

Shareholders holding shares in electronic form are requested to furnish their PAN to their Depository Participant with whom they maintain their account along with documents as required by them.

Shareholders holding shares in physical form are requested to submit photocopy of the PAN Card of all the holders including joint holders duly attested by Notary Public/Gazette Officer/Bank Manager under their official seal and with full name and address either to the Company's Registered Office or at the office of its Registrar at the address mentioned above.

21. Ratnamani Engineering Limited (REL) was amalgamated with Ratnamani Metals & Tubes Limited (RMTL) as per the scheme approved by the Honorable High Court of Gujarat in the year 1998. Accordingly, RMTL has allotted shares to the shareholders of REL. It is noticed that some shareholders have yet not exchanged their share certificates of REL. Such shareholders are requested to get the same exchanged for RMTL share certificates.
22. The Shareholders who are holding shares having a face value of ₹ 10/- each are requested to send the original share certificates of ₹ 10/- each to the Company or RTA for exchange of share certificates of ₹ 2/- each.
23. **Voting:-**

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on cut-off date i.e. 5th September, 2017 only shall be entitled to vote at the General Meeting by availing the facility or remote e-voting or by voting through ballot paper at the General Meeting.

#### **Voting through Electronic Means**

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (LOADR) Regulations, 2015 and Secretarial Standard on General Meeting (SS-2) issued by The Institute of Company Secretaries of India, the Company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means. The business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).

A member can opt for only one mode of voting, either through person or through proxies or through e-voting system or through ballot/polling paper which shall be available at the venue of the 33rd Annual General Meeting. If a member casts votes by all three modes, then voting done through e-voting shall prevail

and voting through other means shall be treated as invalid.

The Company has appointed Shri M. C. Gupta of M/s. M. C. Gupta & Co., Company Secretaries having its address at 703, Mauryansh Elanza, Near Parekh's Hospital, Shyamal Cross Road, Satellite, Ahmedabad – 380 015 to act as the Scrutinizer to scrutinize the poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.

The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total Votes cast in favour or against if any, to the Chairman or a person authorized by him, in writing, who shall counter sign the same and declare the result of the voting forthwith.

The results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with Scrutinizer's Report shall be placed on the Company's website: [www.ratnamani.com](http://www.ratnamani.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) and the same shall also be communicated to BSE Limited and National Stock Exchange of India Ltd., where the shares of the Company are listed.

Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. 5th September, 2017 may obtain the User ID and password in the manner as mentioned at points (ii) to (v) given below:

#### **The instructions for members for voting electronically are as under:-**

##### **In case of remote e-voting**

- (i) The voting period begins on Friday, 8th September, 2017 (10.00 A.M.) and ends on Monday, 11th September, 2017 (5.00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. 5th September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 P.M. on 11th September, 2017.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL : 16 digits beneficiary ID,
  - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,

- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

|                                              | <b>For Members holding shares in Demat Form and Physical Form</b>                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN                                          | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field</li> </ul>   |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul> |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for Ratnamani Metals & Tubes Limited i.e. 170722004 on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app – CDSL m-Voting available for iPhone as well as android and windows based mobiles. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians :
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked

Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to Mr. Mehboob Lakhani – Asst. Manager on e-mail [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or on Phone No. 1800-200-5533

#### **VOTING AT AGM:-**

The members who have not casted their votes either electronically may exercise their voting rights at the AGM through ballot paper.

24. Members holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with share certificates so as to enable the Company to consolidate their holding into one folio.
25. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the AGM.
26. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper/Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. The facility for voting at meeting venue shall be decided by the Company i.e. "remote e-voting of "Ballot Paper/Polling Paper.
27. Members holding equity shares in Electronic Form and Proxies thereof are requested to bring their DP ID and Client ID for Identification.
28. Route Map showing directions to reach to the venue of the 33rd AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meeting.

#### **Annexure to the Notice**

#### **Statement pursuant to Section 102(1) of the Companies Act, 2013**

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No. 5 to 10 of the accompanying Notice dated 17th May, 2017

#### **Item No.5**

As per the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint Cost Accountant in practice, as Cost Auditor on the recommendation of the Audit Committee. The remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified by the Shareholders of the Company.

On the recommendation of the Audit Committee in its meeting held on 16th May, 2017, the Board has considered and approved the appointment of M/s. N. D. Birla & Co., Cost Accountants, Ahmedabad, having Firm Registration No

000028, for the conduct of the Cost Audit of the Company for the financial year 2017-18 at a remuneration as mentioned in the resolution for this item of the Notice.

Accordingly, Consent of the members is sought for passing an ordinary resolution as set out at Item No.5 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending on 31st March, 2018.

None of the Directors and/or Key Managerial personnel of the Company and their relatives are concerned or interested, financially, or otherwise, in the resolution set out at Item No.5 of the accompanying the Notice.

The Board recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the shareholders.

#### **Item No.6**

Section 20 of the Companies Act, 2013, which deals with the service of documents, inter-alia, enables the Company to dispatch any documents to a shareholder as per his/her preferred mode on receipt of specific request subject to deposit of ₹100/- fee in advance to the Company for each service of document as may be determined by the members in the general meeting. Accordingly, consent of the members is sought for passing a resolution as set out in Item No.6 of the Notice to decide the fee payable on dispatch of documents as per the choice of mode selected by any member of the Company.

None of the Directors and/or Key Managerial personnel of the Company and their relatives are concerned or interested, financially, or otherwise, in the resolution set out at Item No.6 of the accompanying the Notice.

The Board recommends the Ordinary Resolution set out at Item No.6 of the Notice for the approval by the shareholders.

#### **Item No.7**

Shri Manoj P. Sanghvi, son of Shri Prakash M. Sanghvi, Chairman and Managing Director of the Company was appointed as Business Head (C.S. Pipes) with effect from 1st June, 2014 for a period of 40 Months up to 30th September, 2017 at salary and perquisites as may be decided by the Board within the overall limits of ₹8,00,000/- per month.

Shri Manoj P. Sanghvi, after graduation in commerce, had obtained the degree of Master of Business Administration from University of Illinois at Chicago, USA. He is working with the Company since 1st March, 2004. During this period, he has gained experience in various business activities and was promoted as Business Head (C.S. Pipes).

The Audit Committee and Nomination and Remuneration Committee of Directors of the Company at their respective meetings held on 16th May, 2017 and 17th May, 2017 have recommended the payment of remuneration.

The Board of Directors in its meeting held on 17th May, 2017 has approved, subject to the approval of the members of the Company, his appointment and payment of remuneration to him as Business Head (C.S. Pipes) in the Company with effect from 1st October, 2017 for a period of one year on a salary and perquisites as set out in the said resolution and is in line with what is provided to other Executives holding similar positions in the Company.

Information in compliance with Section 188 of the Companies Act, 2013 and Rule 15 (3) of the Companies (Meeting of Board and its Powers) Rules, 2014 is as stated below:

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Name of the Related Party :                                                                                 | Shri Manoj P. Sanghvi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (b) Name of the Director or Key Managerial Personnel who is related, if any :                                   | Shri Prakash M. Sanghvi, Chairman and Managing Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (c) Nature of Relationship :                                                                                    | Shri Manoj P. Sanghvi is a son of Shri Prakash M. Sanghvi, Chairman and Managing Director and brother of Shri Nilesh P. Sanghvi, Chief Executive (Strategic Business Development) and Jigar P. Sanghvi, Executive (Marketing).                                                                                                                                                                                                                                                                                                                                                                                              |
| (d) Nature, material terms, monetary value and particulars of the contract or arrangement :                     | Shri Manoj P. Sanghvi is proposed to be appointed at an office or place of profit in the Company. Particulars of terms and conditions for appointment of Shri Manoj P. Sanghvi at an office or place of profit are mentioned in the resolution at Item No.7 of the Notice. Copy of the draft letter for appointment of Shri Manoj P. Sanghvi as Business Head (C.S. Pipes) setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day with a request of prior intimation to the Company. |
| (e) Any other information relevant or important for the members to take a decision on the proposed resolution : | Shri Manoj P. Sanghvi, inter alia, is involved in the following activities / operations of the Company :<br><ul style="list-style-type: none"> <li>- Looking after purchase of raw materials for C.S. Pipe Division.</li> <li>- Marketing activities of C.S. Pipe Division.</li> <li>- Effectively handling C.S. plant situated at Kutch as Business Head.</li> </ul>                                                                                                                                                                                                                                                       |

Except Shri Manoj P. Sanghvi, being the appointee, Shri Prakash M. Sanghvi, Managing Director, Shri Nilesh P. Sanghvi and Shri Jigar P. Sanghvi being relative of him, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the shareholders.

#### Item No.8

Shri Prashant J. Sanghvi, son of Shri Jayanti M. Sanghvi, Whole Time Director of the Company was appointed as Business Head (L.S.A.W.) with effect from 1st June, 2014 for a period of 40 Months up to 30th September, 2017 at salary and perquisites as may be decided by the Board within the overall limits of Rs.8,00,000/- per month.

Shri Prashant J. Sanghvi, has obtained the degree of Master of Science in Mechanical and Manufacturing Engineering from University of Greenwich, United Kingdom. He was looking after Kutch project implementation activities prior to proceeding for higher studies to U.K. and has experience in various business activities.

The Audit Committee and Nomination and Remuneration Committee of Directors of the Company at their respective meetings held on 16th May, 2017 and 17th May, 2017 have recommended the payment of remuneration.

The Board of Directors in its meeting held on 17th May, 2017 has approved, subject to the approval of the members of the Company, his appointment and payment of remuneration to him as Business Head (L.S.A.W.) in the Company with effect from 1st October, 2017 for a period of one year on a salary and perquisites as set out in the said resolution and is in line with what is provided to other Executives holding similar positions in the Company.

Information in compliance with Section 188 of the Companies Act, 2013 and Rule 15 (3) of the Companies (Meeting of Board and its Powers) Rules, 2014 is as stated below:

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Name of the Related Party :                                                                                 | Shri Prashant J. Sanghvi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (b) Name of the Director or Key Managerial Personnel who is related, if any :                                   | Shri Jayanti M. Sanghvi, Whole Time Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (c) Nature of Relationship :                                                                                    | Shri Prashant J. Sanghvi is a son of Shri Jayanti M. Sanghvi, Whole Time Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (d) Nature, material terms, monetary value and particulars of the contract or arrangement:                      | Shri Prashant J. Sanghvi is proposed to be appointed at an office or place of profit in the Company. Particulars of terms and conditions for appointment of Shri Prashant J. Sanghvi at an office or place of profit are mentioned in the resolution at Item No.8 of the Notice. Copy of the draft letter for appointment of Shri Prashant J. Sanghvi as Business Head (L.S.A.W) setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day with a request of prior intimation to the Company. |
| (e) Any other information relevant or important for the members to take a decision on the proposed resolution : | Shri Prashant J. Sanghvi, inter alia, is involved in the following activities / operations of the Company :<br><ul style="list-style-type: none"> <li>- Looking after purchase of raw materials for L.S.A.W Division.</li> <li>- Marketing activities of L.S.A.W. Division.</li> <li>- Effectively handling L.S.A.W. Division situated at Chhatral as Business Head.</li> </ul>                                                                                                                                                                                                                                                   |

Except Shri Prashant J. Sanghvi, being the appointee, Shri Jayanti M. Sanghvi, Whole Time Director, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No.8 of the Notice for approval by the shareholders.

### Item No.9

Shri Nilesh P. Sanghvi, son of Shri Prakash M. Sanghvi, Chairman and Managing Director of the Company was appointed as Chief Executive (Strategic Business Development) with effect from 1st June, 2014 for a period of 40 Months up to 30th September, 2017 at salary and perquisites as may be decided by the Board within the overall limits of Rs.7,00,000/- per month.

Shri Nilesh P. Sanghvi after passing GCSEs examination in Grade "A" obtained the degree of B.E. (Honors) in Manufacturing Engineering and Management from University of Nottingham. He has also passed Engineering examination from Bellerby's College Cambridge. His main subjects were Advance Metal Forming, Integrated Design, Engineering Mathematics, Logistics and Supply Chain Management, Manufacturing Strategy. He is working with the Company since 21st November, 2005. During the period, he has gained much experience on shop floor and worked on many projects.

The Audit Committee and Nomination and Remuneration Committee of Directors of the Company at their respective meetings held on 16th May, 2017 and 17th May, 2017 have recommended the payment of remuneration.

The Board of Directors in its meeting held on 17th May, 2017 has approved, subject to the approval of the members of the Company, his appointment and payment of remuneration to him as Chief Executive (Strategic Business Development) in the Company with effect from 1st October, 2017 for a period of one year on a salary and perquisites as set out in the said resolution and is in line with what is provided to other Executives holding similar positions in the Company.

Information in compliance with Section 188 of the Companies Act, 2013 and Rule 15 (3) of the Companies (Meeting of Board and its Powers) Rules, 2014 is as stated below:

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Name of the Related Party :                                                                                 | Shri Nilesh P. Sanghvi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| (b) Name of the Director or Key Managerial Personnel who is related, if any                                     | Shri Prakash M. Sanghvi, Chairman and Managing Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (c) Nature of Relationship :                                                                                    | Shri Nilesh P. Sanghvi is a son of Shri Prakash M. Sanghvi, Chairman and Managing Director and brother of Shri Manoj P. Sanghvi, Business Head (C.S. Pipes) and Jigar P. Sanghvi, Executive (Marketing).                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (d) Nature, material terms, monetary value and particulars of the contract or arrangement :                     | Shri Nilesh P. Sanghvi is proposed to be appointed at an office or place of profit in the Company. Particulars of terms and conditions for appointment of Shri Nilesh P. Sanghvi at an office or place of profit are mentioned in the resolution at Item No.9 of the Notice. Copy of the draft letter for appointment of Shri Nilesh P. Sanghvi as Chief Executive (Strategic Business Development) setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day with a request of prior intimation to the Company. |
| (e) Any other information relevant or important for the members to take a decision on the proposed resolution : | Shri Nilesh P. Sanghvi, inter alia, is involved in the following activities / operations of the Company :<br>- Looking after new business development opportunities for the organization.<br>- Effectively implementing various strategies for the benefit of the organization                                                                                                                                                                                                                                                                                                                                                                       |

Except Shri Nilesh P. Sanghvi, being the appointee, Shri Prakash M. Sanghvi, Managing Director, Shri Manoj P. Sanghvi and Shri Jigar P. Sanghvi being relative of him, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No.9 of the Notice for approval by the shareholders.

#### Item No.10

The existing Articles of Association ("AOA") of the Company are based upon the provisions of the Companies Act, 1956. Members are aware that the Ministry of Corporate Affairs has notified the Companies Act, 2013 ("the Act") and also amended rules relating thereto which replaces the provisions of the Companies Act, 1956. In order to bring the existing AOA of the Company in line with the provisions of the Companies Act, 2013, the Company needs to make numerous changes in its existing AOA by adopting a comprehensive new set of Articles of Association of the Company ("New Articles"), in substitution of and to the exclusion of the existing AOA.

Further, pursuant to the provisions of Section 14 of the Companies Act, 2013, approval of the Shareholders of the Company by special resolution is required for the adoption of New Articles to replace the existing AOA and accordingly, the approval of the Shareholders is being sought.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the business hours on any working day, up to the date of the Annual General Meeting and during the Annual General Meeting.

None of the Directors and/or Key Managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No.10 of the accompanying the Notice.

The Board recommends the Special Resolution set out at Item No.10 of the Notice for approval by the shareholders.

#### Registered Office:

17, Rajmugat Society,  
 Naranpura Char Rasta,  
 Ankur Road, Naranpura,  
 Ahmedabad - 380 013  
 CIN:L70109GJ1983PLC006460  
 Date: 17th May, 2017

#### By Order of the Board

**Jigar Shah**  
 Company Secretary

**DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING  
(PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT)  
REGULATIONS, 2015)**

|                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of the Director</b>                                                                                                                                                                                                                                            | <b>Shri Jayanti M. Sanghvi</b>                                                                                                                                                                 |
| DIN                                                                                                                                                                                                                                                                    | 00006178                                                                                                                                                                                       |
| Date of Joining on the Board                                                                                                                                                                                                                                           | 15th September, 1983                                                                                                                                                                           |
| Brief Resume of the Director including nature of expertise in specific function areas                                                                                                                                                                                  | Shri Jayanti M. Sanghvi is an astute entrepreneur having rich experience in Corporate Human Resource Management, Administration, Corporate Communication, Liasoning and Corporate Procurement. |
| No. of Shares held in the Company                                                                                                                                                                                                                                      | 38,61,195 Equity Shares                                                                                                                                                                        |
| Directorships and Committee membership in other Companies*                                                                                                                                                                                                             | Oswal Organisator Private Limited (Director)                                                                                                                                                   |
| Relationships between Director Inter-se                                                                                                                                                                                                                                | Shri Jayanti M. Sanghvi is a brother of Shri Prakash M. Sanghvi and Shri Shanti M. Sanghvi, Directors of the Company. No other Directors are related to him.                                   |
| * Excluding alternate directorship, directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. Membership and Chairmanship of Audit Committee and Stakeholders Relationship Committee have been included. |                                                                                                                                                                                                |

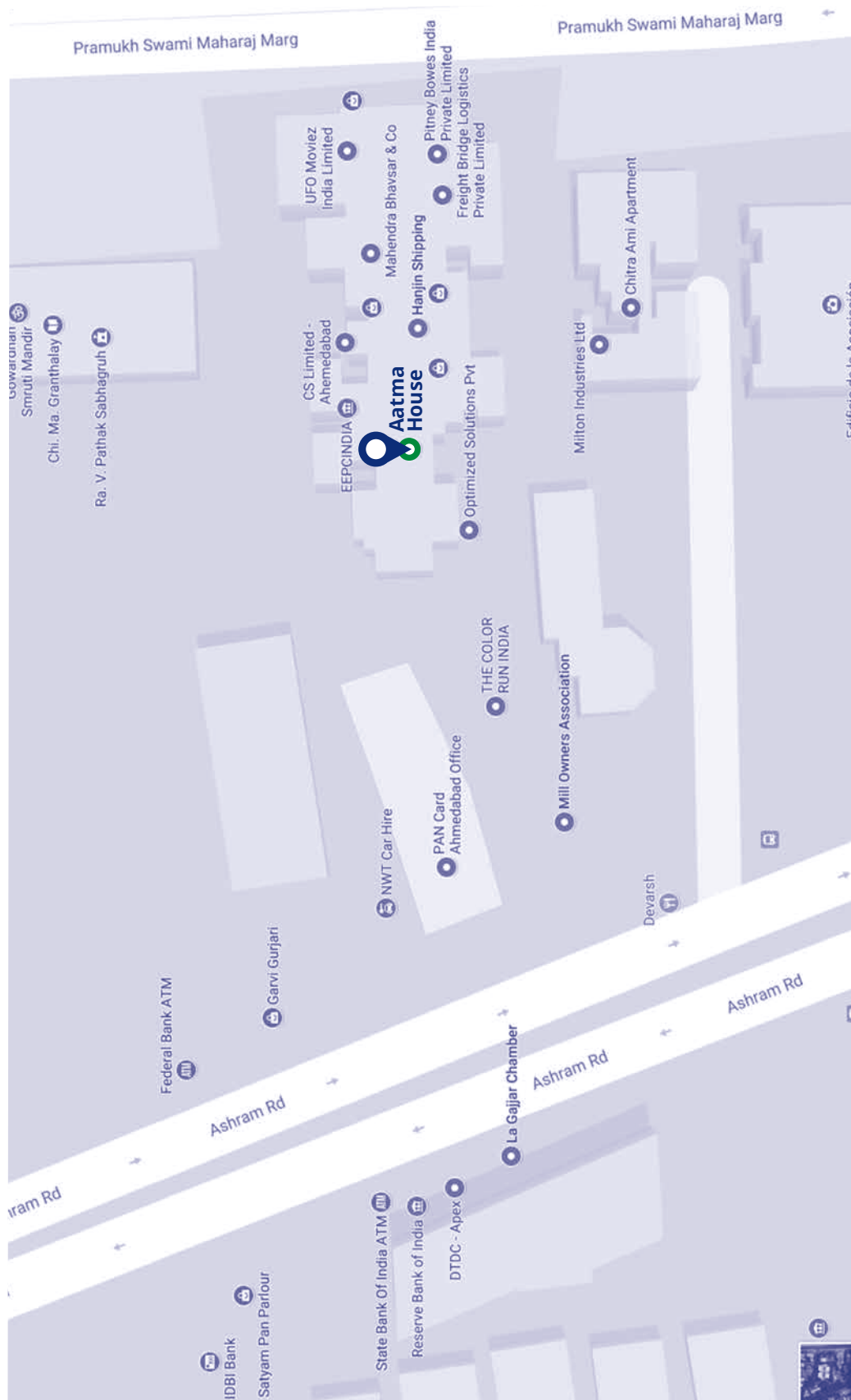
**Registered Office:**

17, Rajmugat Society,  
Naranpura Char Rasta,  
Ankur Road, Naranpura,  
Ahmedabad - 380 013  
CIN:L70109GJ1983PLC006460  
Date: 17th May, 2017

**By Order of the Board**

**Jigar Shah  
Company Secretary**

### 33<sup>RD</sup> AGM VENUE MAP





Regd. Office: 17, Rajmugat Society, Naranpura Char Rasta, Ankur Road, Naranpura, Ahmedabad – 380 013.  
E-mail: jigar.shah@ratnamani.com, Website: www.ratnamani.com,  
CIN: L70109GJ1983PLC006460,  
Phone No.: 079-27415501/02/03/04, Fax No.: 079-27480999

### ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

**DP ID / Client ID / Folio No.**

**No. of Shares**

Name & address of the Shareholder:

I certify that I am a member / Proxy / Authorised Representative for the members of the Company.

I hereby record my presence at the 33rd Annual General Meeting of the Company held at the Conference Hall of "The Ahmedabad Textile Mills Association, Near "Gurjari", Ashram Road, Ahmedabad – 380 009 on Tuesday, 12th September, 2017 at 10.00 A.M.

\_\_\_\_\_  
Signature of the Shareholder/Proxy

**Note :** Only Shareholders of the Company or their Proxies will be allowed to attend the Meeting.



Regd. Office: 17, Rajmugat Society, Naranpura Char Rasta, Ankur Road, Naranpura, Ahmedabad – 380 013.  
E-mail: jigar.shah@ratnamani.com, Website: www.ratnamani.com,  
CIN: L70109GJ1983PLC006460,  
Phone No.: 079-27415501/02/03/04, Fax No.: 079-27480999

**Form No. MGT-11**

### PROXY FORM

**(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)**

Name of the member(s) : \_\_\_\_\_  
Registered address : \_\_\_\_\_  
E-mail ID : \_\_\_\_\_  
Folio: No : \_\_\_\_\_  
DP Id : \_\_\_\_\_  
Client Id : \_\_\_\_\_

I / We being the Member(s) of Ratnamani Metals & Tubes Limited, hereby appoint:

- Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id \_\_\_\_\_

and whose signature (s) are appended below as my / our proxy to vote (on a poll) for me/us and on my/our behalf at the 33RD ANNUAL GENERAL MEETING of the Company to be held at the Conference Hall of "The Ahmedabad Textile Mills Association, Near "Gurjari", Ashram Road, Ahmedabad -380 009 on Tuesday, 12th September, 2017 at 10.00 A.M or at any adjournment thereof in respect of such Ordinary Resolutions and Special Resolution as are indicated below:

| Resolution                  |                                                                                                                                                                                               | For | Against |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| <b>Ordinary Resolutions</b> |                                                                                                                                                                                               |     |         |
| 1)                          | To receive, consider and adopt                                                                                                                                                                |     |         |
|                             | a) the audited Standalone Financial Statements of the Company for the financial year ended on 31st March, 2017, together with the Reports of the Board of Directors and Auditors thereon; and |     |         |
|                             | b) the audited Consolidated Financial Statements of the Company for the financial year ended on 31st March, 2017 and the Report of the Auditors thereon.                                      |     |         |
| 2)                          | To declare Dividend on equity shares for the financial year ended on 31st March, 2017.                                                                                                        |     |         |
| 3)                          | To appoint Shri Jayanti M. Sanghvi (DIN: 00006178) who retired by rotation and being eligible, offers himself for re-appointment.                                                             |     |         |
| 4)                          | To ratify the Appointment of M/s. S.R.B.C. & Co. LLP. (Firm Reg. No.324982E / E300003 as a Statutory Auditors and fix their remuneration.                                                     |     |         |
| 5)                          | To ratify the Remuneration to M/s. N. D. Birla & Co., (Firm Reg. No. 000028) as a Cost Auditor for the Financial Year ending on 31st March, 2018.                                             |     |         |
| 6)                          | To fix minimum fees for serving various documents on members of the Company.                                                                                                                  |     |         |
| 7)                          | To appoint and fix the remuneration payable to Shri Manoj P. Sanghvi, as Business Head (C.S. Pipes).                                                                                          |     |         |
| 8)                          | To appoint and fix the remuneration payable to Shri Prashant J. Sanghvi, as Business Head (L.S.A.W.).                                                                                         |     |         |
| 9)                          | To appoint and fix the remuneration payable to Shri Nilesh P. Sanghvi, as Chief Executive (Strategic Business Development).                                                                   |     |         |
| <b>Special Resolution</b>   |                                                                                                                                                                                               |     |         |
| 10)                         | To adopt new Articles of Association of the Company in conformity with the Companies Act, 2013.                                                                                               |     |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Signature of shareholder

Affix  
Revenue  
Stamp  
Here

\_\_\_\_\_  
Signature of 1st proxy holder

\_\_\_\_\_  
Signature of 2nd proxy holder

\_\_\_\_\_  
Signature of 3rd proxy holder

**Note:**

1. The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
2. Proxy need not be a member of the Company.



# **FIT FOR THE FUTURE**



**RATNAMANI**  
METALS & TUBES LTD.

*Prosperity through Performance*

ANNUAL REPORT 2016-17



**₹3,550.90**  
**Crores**

Market Capitalization  
as on March 31<sup>st</sup>, 2017

**₹264.12**

Book Value per share

## Navigate through...

### Corporate Review

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**₹5.50**

Dividend declared  
for the year 2016-17

**1,940**

Employees as on  
March 31<sup>st</sup>, 2017

**Forward-looking Statement:** In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Online version of the Annual Report can be viewed at  
[http://www.ratnamani.com/Investors\\_Relations.html](http://www.ratnamani.com/Investors_Relations.html)

## To envision your future, you must create it first!

At Ratnamani, we believe only we can create our future. With India being on the threshold of a dramatic growth phase, what we see today is a horizon full of opportunities.

With an increasing impetus over the country's infrastructural growth, a huge capacity build up plans can be seen across Oil, Gas, Refinery, Energy and Water Management sectors.

To us, this is a **BIG** opportunity.

## And we are ready to respond!

When opportunity meets preparation, success is nothing but a by-product.

Today, we have products, capabilities and the desired capacities to respond to the incremental Pipes and Tubes demand resulting out of expansions across sectors – making us ready for the next level of growth.

Making us  
***Fit For Future!***

# Positioned to Accelerate

The Company was incorporated in 1983 as Ratnamani Metals & Tubes Limited (Ratnamani). It is the market leader in manufacturing Tubes & Pipes in Stainless Steel/Exotic as well as Carbon Steel material.

The Company is spread across multi-locations offering multi-products. It provides critical Tubing and Piping solutions across a varied range of industries and niche markets of the core sectors like:

- Oil & Gas
- Refinery
- Thermal Power
- Nuclear Power
- Chemical
- Petro-chemical
- Fertilizer
- Water Distribution
- Sugar
- Food & Dairy
- Paper
- Pharmaceutical
- Automobile
- Defence
- Aeronautics and
- Space Applications, among others

The Company is headquartered in Ahmedabad and its manufacturing facilities are stationed at Chhatral, Indrad and Kutch in Gujarat. Its products are widely used/accepted by its end user industries across India as well as abroad.

## 1983

Year of incorporation

## 37

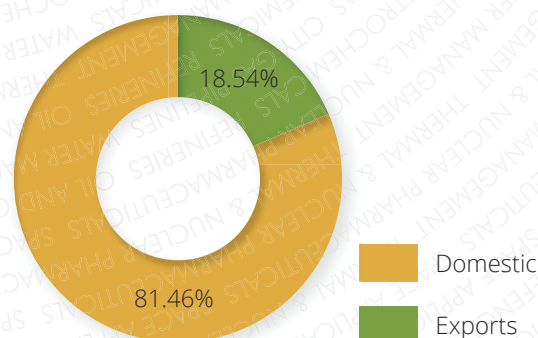
countries

Export Presence

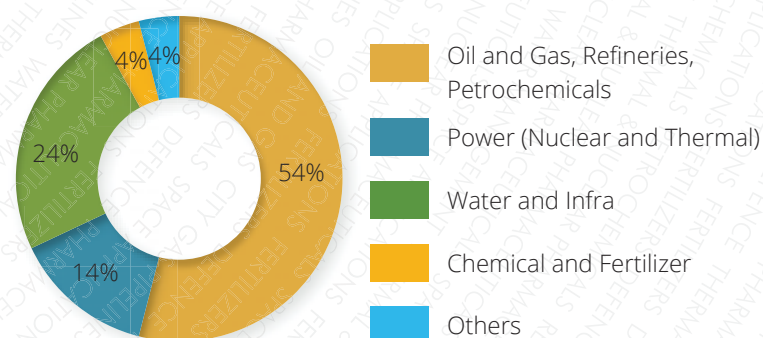
## 16+

Industries catered to

Export Presence (as on March 31<sup>st</sup>, 2017)



Industries catered to



# What Defines *Our Core?*

## Vision

- To attain Global Excellence by continuously developing and providing the best quality products and services
- Exceeding customer expectations with innovative products and applications
- Building value for all our stakeholders
- To be a value-driven organization and creating a benchmark in Corporate Citizenship

## Mission

To be leading Pipes and Tubes Manufacturing Company in Stainless Steel and Carbon Steel Industry

## Making a difference in our space through:

### Our Products and Services

- Offering wide products and services range
- Becoming the preferred supplier
- Delivering premium products and services
- Creating value for our customers

### Our Practices

- Delivering the best everytime
- Adapting robust processes and systems with a future-centric mindset

### Our People

- Fostering team work
- Nurturing talent
- Enhancing leadership capabilities
- Acting with passion and pace

### Our Innovative Mindset

- Developing cutting edge solutions in technology, processes and products

### Our Conduct

- Providing safer work place
- Respecting the environment
- Caring for the communities we belong to

## Values and Integrity

### Customer Focus

We simply align our actions and applications to cater our customers' needs. Hence, being sincere to our commitment.

### Passion

Our passion to excel propels us and the commitment to quality guides us towards success.

### Innovation

Innovation with committed involvement is the work ethic we live by through every phase of our work.

### Respect

Recognizing and appreciating people for their character, knowledge, intellect, abilities and values. Honouring them with our complete attention when they communicate and share their points of view with mutual respect. Work with sustainability of interdependence.

### Integrity

Being true to the purpose and transparent.

### Responsibility

Owning responsibility with a sense of belonging and strive for environmental protection.

### Discipline

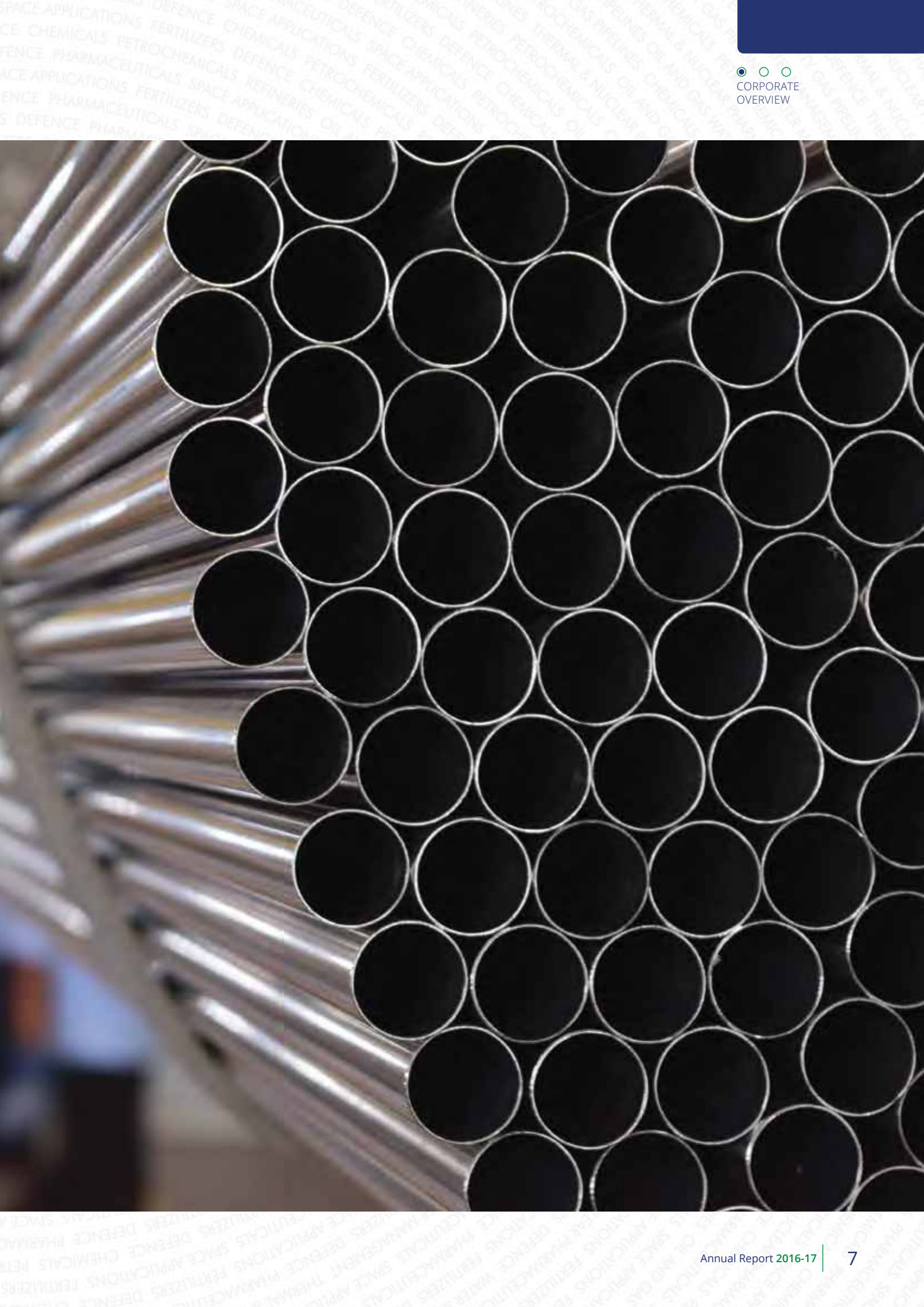
We pursue self-discipline to our beliefs, culture and code of conduct. Having pride in being disciplined and courageous with all our stakeholders.



# Our Business Segments

## Stainless Steel Division

| Product                                                                                                                                                                                                                                                    | End-user Industry                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Heat Exchanger Tubes</b> <ul style="list-style-type: none"> <li>➤ Stainless Steel Seamless Tubes</li> <li>➤ Stainless Steel Welded Tubes</li> <li>➤ Titanium Welded Tubes</li> <li>➤ Seamless Nickel Alloy Tubes</li> </ul>                             | <ul style="list-style-type: none"> <li>➤ Oil and Gas</li> <li>➤ Refineries and Petrochemicals</li> <li>➤ Chemicals and Fertilizers</li> <li>➤ Pulp and Paper</li> <li>➤ De-salination</li> <li>➤ Nuclear, Thermal and Solar Power Plants</li> <li>➤ Defence</li> <li>➤ Atomic Energy</li> <li>➤ Aerospace</li> </ul> |
| <b>Stainless Steel Seamless Instrumentation Tubes</b>                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>➤ Oil and Gas</li> <li>➤ Refineries and Petrochemicals</li> <li>➤ Chemicals and Fertilizers</li> <li>➤ Pulp and Paper</li> <li>➤ De-salination</li> <li>➤ Nuclear, Thermal and Solar Power Plants</li> <li>➤ Defence</li> <li>➤ Atomic Energy</li> <li>➤ Aerospace</li> </ul> |
| <b>Stainless Steel Pipes</b> <ul style="list-style-type: none"> <li>➤ Stainless Steel Seamless Pipes</li> <li>➤ Stainless Steel Welded Pipes</li> <li>➤ Stainless Steel 3LPE (3-Layer Polyethylene) / 3LPP (3-Layer Polypropylene) Coated Pipes</li> </ul> | <ul style="list-style-type: none"> <li>➤ Oil and Gas</li> <li>➤ Refineries and Petrochemicals</li> <li>➤ Chemicals and Fertilizers</li> <li>➤ Pulp and Paper</li> <li>➤ De-salination</li> <li>➤ Nuclear, Thermal and Solar Power Plants</li> <li>➤ Defence</li> <li>➤ Atomic Energy</li> <li>➤ Aerospace</li> </ul> |



# Our Business Segments (Contd.)

## Carbon Steel Division

| Product                                                          | End-user Industry                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>High Frequency Electric Resistance Welded (HFW-ERW) Pipes</b> | <ul style="list-style-type: none"> <li>➤ Oil and Gas Pipeline</li> <li>➤ Plumbing</li> <li>➤ Heating</li> <li>➤ Water Supply Systems</li> <li>➤ General purpose applications</li> <li>➤ Structural Pipe</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Submerged Arc Welded (SAW) Pipes – H SAW &amp; L SAW</b>      | <ul style="list-style-type: none"> <li>➤ Oil and Gas Pipeline</li> <li>➤ Cross country Oil and Gas Pipelines</li> <li>➤ Spur Lines</li> <li>➤ City Gas Distribution</li> <li>➤ Refineries and Petrochemical – high temperature and low temperature Pipes</li> <li>➤ Power Plant – Cooling Water, Auxiliary Cooling Water Line and Ash Handling Line</li> <li>➤ Water and Sewerage</li> <li>➤ Distribution and Transmission Lines for Irrigation Systems</li> <li>➤ Pipes for Potable Water</li> <li>➤ Drainage Pipes</li> <li>➤ Structural – Piling and Casing Pipes and Structural Columns</li> <li>➤ Other industrial use – Pipes for Fertilizer Plant, Mining, Dredging Pipes, Air Duct Piping and High Mast Pipes for Windmill Towers</li> </ul> |
| <b>Mobile Plant</b>                                              | <ul style="list-style-type: none"> <li>➤ Water Distribution and Transmission Lines for Irrigation</li> <li>➤ Power Plants</li> <li>➤ Potable Water</li> <li>➤ Drainage Pipes</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Pipe Coating Solution</b>                                     | <ul style="list-style-type: none"> <li>➤ Oil and Gas Pipelines</li> <li>➤ Water Pipelines</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



# **CMD's** **Message**



Dear Friends,

I feel honoured and privileged once again to present you with the Annual Report F.Y. 2016-17. It gives me an opportunity to share my thoughts and the Company's progress during the year as well as the way forward.

As we all know, today, our country remains one of the most attractive economies in a slow-growth elsewhere globally. The government's focus on creating more infrastructure, attracting foreign direct investment (FDI), encouraging domestic entrepreneurship through "Make In India" initiative and driving rural income should be positive for the economy, going forward. We are already witnessing BSE and NIFTY Indexes touching new highs, Foreign Currency reserves at life time high on the back of record inflows, low Inflation, etc. all pointing towards a stronger domestic economy at a time of global turbulence.

Against the backdrop of either sluggish or fragile economic growth across large parts of the world, our country's GDP for F.Y. 2016-17 at 7.10%, was even higher than that of China at 6.70% and is expected to remain ahead of China in 2018 also as per IMF forecast. During the year, the Government of India came out with a big reform initiative to bring majority of the businesses in the mainstream by demonetisation. It has been followed with implementation of GST w.e.f. 1<sup>st</sup> July, 2017, which in the longer run is going to be positive for the economy and organised industry.

We are dependent on capex happening in core industries like Refineries, Petrochemicals, Oil & Gas Pipelines, LNG Terminals, Power Plants etc. The last year was not so good as far as capex in these sectors was concerned. Despite that, your company has delivered a stable performance and with the capex now picking-up in almost all these sectors, the performance is expected to improve significantly in the current and the coming financial years. The order book position has started improving and the team is ready to take best out of the opportunities.

Our continuing endeavour has been towards enriching our product mix and this has enabled us to ensure one of the best in the industry margins. We remain bullish on our core businesses and have been constantly focusing on growing our capacities across both our product segments. We are setting up a new state-of-

the-art Stainless Steel Hot Extrusion and Cold Finishing facility at Indrad, Gujarat which is expected to become operational in last quarter of F.Y. 2018-19. With this facility, we will be amongst the select very few having such type of product range, capacity and facility globally. We will continue to invest in building our brand and maintaining a strong market share.

The manufacturing sector shows the potential to emerge as one of the high-growth sectors in India. The 'Make in India' programme, initiated by the Hon'ble Prime Minister envisions making India as a manufacturing hub while gaining global recognition for the Indian economy. India is expected to become the fifth largest manufacturing country in the world by the end of 2020.

Over the last more than three decades, we have built a robust business model and maintained a strong leadership position across product categories and markets. Going forward, the planned capex in Oil & Gas sector, i.e. Cross Country and City Gas Distribution Pipelines, Refinery upgradation to meet BIS VI norms by 2020, the Mega Refinery & Petrochemical Project in Maharashtra, LNG terminal, Nuclear and Thermal Power Plants, New Fertiliser Plants, Water Pipelines etc. will help in driving the growth of your Company.

We have had a fabulous journey so far. Since the very beginning, we have consistently set and tried to meet the highest standards in product quality, manufacturing & testing facilities, corporate governance and responsible corporate citizenship. This has been possible owing to the dedication and commitment of our people. However, I will like to assure you that our best days are still ahead of us.

I am grateful to all of our shareholders, employees, partners, customers, bankers and other associates for your good wishes in all these years.

I am confident that you will continue to support our vision, going forward.

With warm regards,

**Prakash M. Sanghvi**

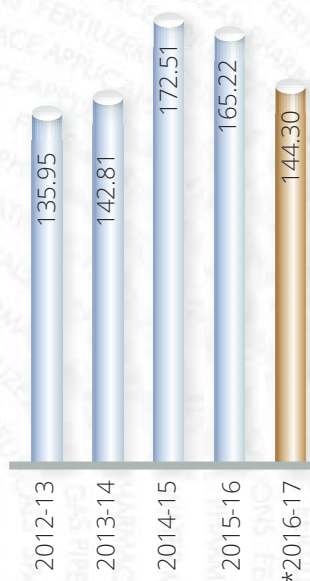
Chairman & Managing Director

At Ratnamani,  
we feel the secret to  
being successful is  
being ready when the  
opportunity comes.  
We are ready for  
the action.

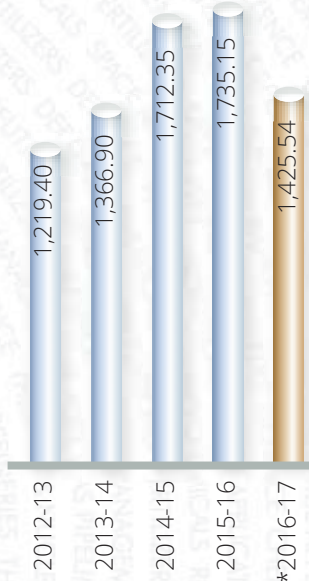


# Financial Highlights

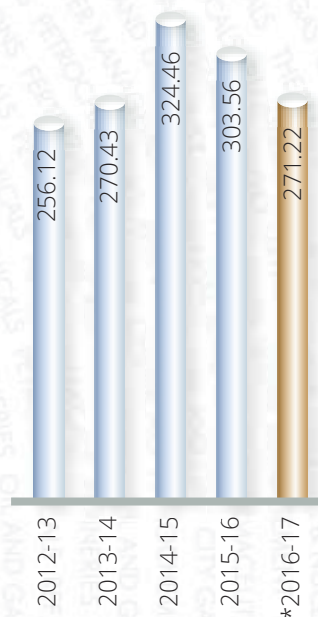
**PAT (Standalone)**  
(₹ in Crores)



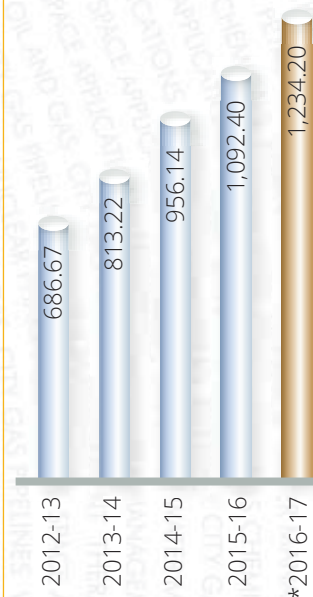
**NET REVENUE (Standalone)**  
(₹ in Crores)



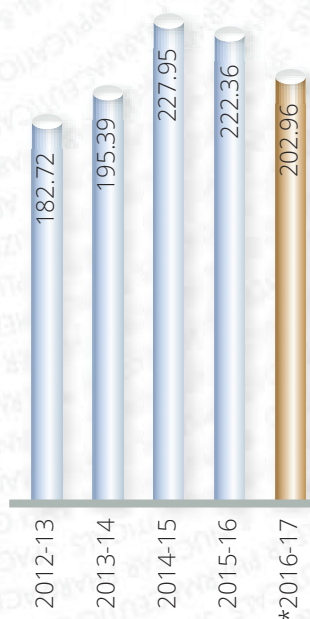
**EBIDTA (Standalone)**  
(₹ in Crores)



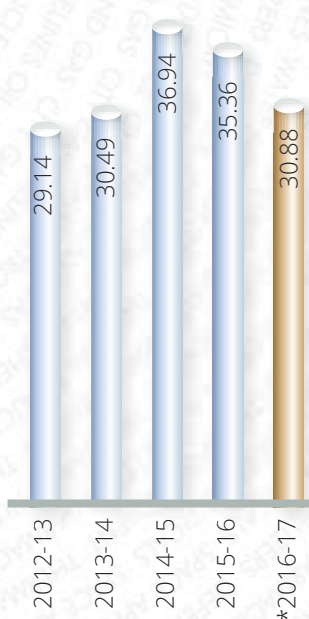
**NET WORTH (Standalone)**  
(₹ in Crores)



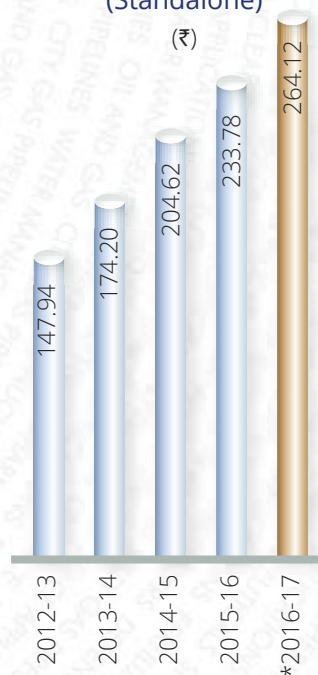
**CASH GENERATED FROM OPERATIONS (Standalone)**  
(₹ in Crores)



**EARNING PER SHARE (Standalone)**  
(₹)



**BOOK VALUE PER SHARE (Standalone)**  
(₹)



\* Figures are stated as per the Annual Report of 2016-17

# ***We believe in making our business Customer-Centric***

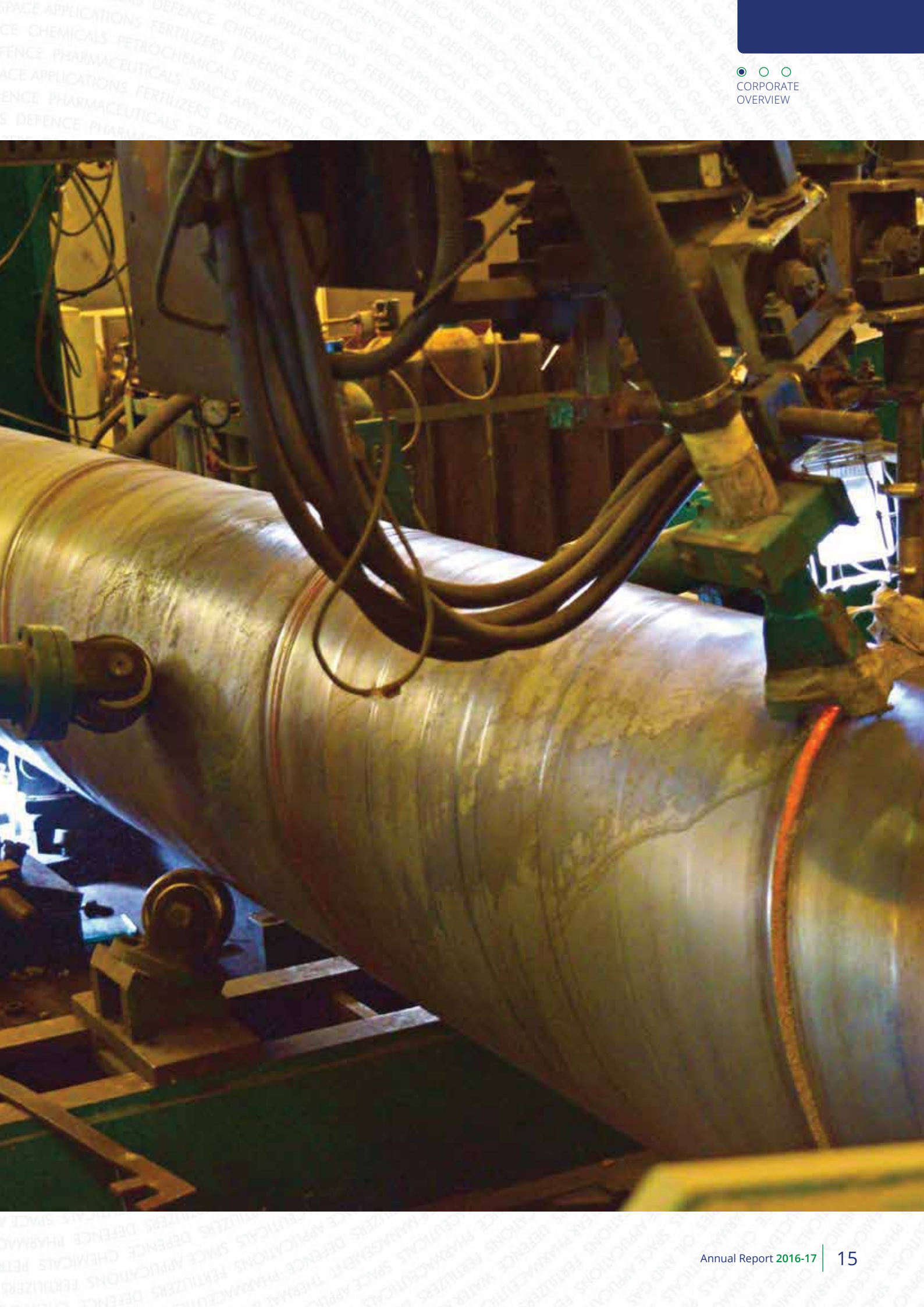
At Ratnamani, exceptional product quality has helped us to become a trusted partner of our clients across India and abroad. We have built strong relationships through our high-level of services to give an exceptional experience – both before and after a product delivery. This translates into multiple and repetitive client orders for the Company.

## ***Our Global Presence***



### **COUNTRIES**

|                |                |              |                    |               |           |
|----------------|----------------|--------------|--------------------|---------------|-----------|
| 1 UAE          | 8 CANADA       | 15 JAPAN     | 22 SINGAPORE       | 29 IRAQ       | 36 PERU   |
| 2 KUWAIT       | 9 UK           | 16 NIGERIA   | 23 AUSTRALIA       | 30 ISRAEL     | 37 MEXICO |
| 3 SAUDI ARABIA | 10 GERMANY     | 17 INDONESIA | 24 SOUTH AFRICA    | 31 BANGLADESH |           |
| 4 QATAR        | 11 FRANCE      | 18 BRAZIL    | 25 EGYPT           | 32 SRI LANKA  |           |
| 5 BAHRAIN      | 12 SOUTH KOREA | 19 IRAN      | 26 THE NETHERLANDS | 33 MYANMAR    |           |
| 6 OMAN         | 13 ITALY       | 20 MALAYSIA  | 27 RUSSIA          | 34 THAILAND   |           |
| 7 USA          | 14 SPAIN       | 21 BELGIUM   | 28 TANZANIA        | 35 CHILE      |           |



# ***A realistic and comprehensive business plan is the one which grows strength to strength through continuous effort and expansion***

Every strategy gives a competitive edge to the Company. Ratnamani has planned to expand its existing product range and capacities to achieve the enterprise's full potential and better serve the industries and customers.

With a capex of ₹ 350 Crores, the Company is setting up a 20,000 TPA Stainless Steel Seamless Tubes/Pipes capacity, operated through the Hot Extrusion process in Indrad, Gujarat. This facility will make us the only player in India with a capability to extrude from mother Hollow Pipes of upto 8" in diameter versus its own current capability of extruding Tubes upto only 2" diameter.

With several approvals for Heat Exchanger Tubes, the Company is all set to explore the diversified exports markets such as US, Korea, Europe and Japan. Apart from this, the Company is also looking forward to broaden its domestic share. The higher diameter SS Tubes will see significant uptick as the 'Make in India' and import substitution opportunity materializes over the next few years.





# Corporate Social Responsibilities

## Getting the Community Ready for the Future

At Ratnamani, we have adapted community well-being initiatives, long before this term was renamed to Corporate Social Responsibility. Over the years, we have been largely focussing in the areas of Education, Rural Development, Women Empowerment and Environmental Sustainability.

### Education

With the objective of promoting quality primary and secondary education and creating access to higher education to improve quality of life, the Company is actively involved towards promoting education through its flagship rural education initiative – Ratnamani Education Campus – located in the Bechraji district of Mehsana Region. The Company has also been instrumental in improving the infrastructure quality of various schools as well as re-constructing girls schools at Adipur Kanya Vidhaya Shala, thereby promoting education in the rural areas.

### Women Empowerment

Women empowerment occupies an important space in our CSR agenda. The Company focuses on providing training that will enable the women to earn a livelihood and be self-sufficient. This training includes mehndi, stitching and art & craft skills which is provided to the girls and women of the Nenava Village. The training has proved fruitful as many of these women have started earning their own livelihood.

### Health

Preventive Healthcare is another important component taken up by the Company. As a part of this initiative, the Company has distributed slippers, while also serving the kids with 'bajrosukhd' to curb malnutrition in the village of Nenava. Dental Kits have also been given for promotion of oral hygiene amongst the villagers.

### Swachh Bharat

Aligned with the Central Government's campaign of 'Clean India, Green India' and its pursuit of cleanliness and eradicating open defecation, we have constructed over 120 sanitary complexes across three villages in Kutch, namely Bhimsar, Satpura, Tapar and one village in Indrad, district Mehsana. We are also in the process of building more such toilets across the villages of Tapar, Indrad and Nenava of Banaskatha District.

### Environment Sustainability

The Company is dedicated towards preserving the green belt and has taken several initiatives for the well-being of the nature. It has planted several trees across various locations at the vicinity of its facilities. Besides, it has also started its exclusive 'Save the Sparrow' Campaign to save the little bird from the verge of extinction from the hazardous impact of the urban lifestyle. The initiative has received a lot of momentum wherein more than 18,000 sparrow nests have been distributed across all the strata of the society. A book has also been released by Ratnamani to document the success of our campaign and creating awareness and overall positive impact in the society at large.



**₹ 2.30 Crores**

Amount spent on CSR activities

**830+**

Students benefited by Promotion of Education Initiatives

**120+**

Girls and women are trained for Skill Development

**120+**

Toilets constructed across the villages

**18,000+**

Sparrow nests have been distributed as a part of 'Save the Sparrow' Campaign



# Board of Directors



From right to left: Jayanti Sanghvi, Shanti Sanghvi, Pravinchandra Mehta, Prakash Sanghvi, Dr. Vinod Agrawal, Divyabhash Anjaria, Nidhi Gadhecha

**Mr. Prakash Sanghvi**, Promoter & the Chairman and Managing Director emulates the organizational values he heads – professionalism, entrepreneurship and sheer commitment to augment the interest of various stakeholders. With his rich experience of 40 years in metal industry under his able leadership, Ratnamani has been able to overcome multiple challenges and grow multifold times. He actively oversees the development of the Company by contributing in the areas of Business Development, Corporate Finance, Strategic Planning and Informational Technology.

**Mr. Jayanti Sanghvi**, Promoter and a Whole Time Director, is a people's person and has been overlooking into the corporate governance, procurement, and logistics for the Company. His emphasis on nurturing & retaining the talent has triggered many remarkable initiatives in the Human Resource Division of the Company which he heads. A concern for social and welfare issues of the society complements his business interest which makes him monitor the Corporate Social Responsibility (CSR) and Philanthropic initiatives of Ratnamani.

**Mr. Shanti Sanghvi**, Promoter and a Whole Time Director, has a keen sense of business acumen and has been involved in Company's operations for over 35 years now. He has an edge in building clients, handling corporates and customer relationships while also strengthening the existing customer relationships. He is completely absorbed in the marketing and business development activities of the Company which are his subjects of major interest.

**Mr. Divyabhash Anjaria**, is an Independent Non-Executive Director. An expert par excellence in the field of finance, he is an alumni of IIM – A batch 1968. He has handled diverse roles during his stint in Citi Bank and while at UTI, he headed the Institute of Capital Markets. In addition, he has advised Government of India, Government of Indonesia & SEBI on many fronts ranging from Mutual Funds, Derivatives to Commodity Markets.

He is a member of the Executive Committee of the Derivatives and Capital Markets Segments of the National Stock Exchange of India Ltd.

**Dr. Vinod Agarwal**, is an Independent Non-Executive Director and had joined the board of Ratnamani in the year 2001. A medical practitioner by profession, he has a sharp eye on detailing and is passionate towards precision which he even brings into his daily operations.

**Mr. Pravinchandra Mehta** is an Independent Non-Executive Director and an Ex- L&T Board Member. He has spent his entire career in contributing towards the engineering industry and in L&T. His long career stint in L & T exposed him to various fields of engineering, technology and also International Business.

Mr. Mehta is an incisive humanitarian and is always keen to contribute for the deprived. He chairs the CSR committee of Ratnamani.

**Ms. Nidhi Gadhecha**, is an Independent Non-Executive Director and a Chartered Accountant by qualification. Over the years, she has worked in the areas of Taxation, Corporate Finance & also in the varied capacities in the field of Finance.

# **Management Discussion and Analysis**



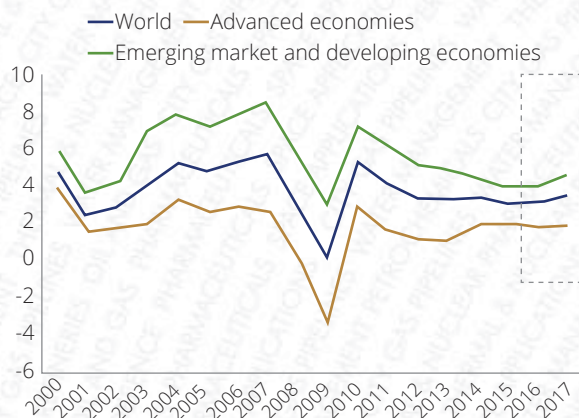
## **GLOBAL AND INDIAN ECONOMY REVIEW**

The year 2016-17 witnessed the Global GDP growing at a sluggish rate of 3.1% as compared to 3.3% in the year 2015-16

(Source: IMF). With events like Brexit and US Presidential election, the year was truly a game-changer. While the commodity prices were strong, the global trade and investments remained on a slower side. Advanced economies experienced a recovery in inflation rates.

Employment and confidence-level improved in US, while UK witnessed a rise in domestic demand post Brexit. A subdued growth was experienced in emerging market and developing economies (EMDEs). While China continued growing moderately with persistent support from the authorities, a major slowdown was seen in some Latin American countries (Argentina, Brazil and Colombia). Going ahead, the global GDP is estimated to grow around 3.5% in the year 2017.

### Global GDP growth (%)



Source: IMF

The Indian economy recorded the fastest growth amongst the G20 Nations. The year witnessed two landmark economic reforms in the form of Demonetization and a move towards Goods and Services Tax (GST) implementation. These reforms aimed to bring about more transparency into the system. The oil prices and inflation rate largely remained under control. There was an increase in exports owing to higher demand from the advanced countries, resulting in overall decline in the trade deficit.

Going ahead, the manufacturing sector shows a promising potential. It is likely to emerge as one of India's high growth sectors. By the end of the year 2020, India is expected to become the world's 5<sup>th</sup> largest manufacturing country. The new government's efforts to boost the core eight sector, reduce imports and increase in investment in the domestic sector will further boost the economy (Source: Economic Survey)

Ratnamani is established with a rock-solid foundation of sustainability, integrity and adaptability. Ever since inception, the Company has come a long way providing quality Tubes and Pipes to all the important sectors from Oil & Gas, Petrochemicals & Refineries, Chemicals & Fertilizers, Power – Thermal, Solar & Nuclear, Aerospace, LNG, Defence to Water. The Company continues to follow its corporate agenda of 'Prosperity through Performance' which acts as a pillar of strength for its entire task may it be operational, sustainability or creating a long term shared value.

Economic development and industrialization are two primary growth drivers for the Steel Pipes and Tubes market. The Company is quite bullish about India's growth prospects and is relatively better positioned with its size and offerings across Stainless Steel and Nickel Alloy Tubes and Pipes, Titanium Welded Tubes, Carbon Steel Welded

Pipes and Coating Solutions. It is fully geared up to leverage the planned capex across Oil and Gas, Petrochemicals, Refineries, Chemicals, Fertilizers, Power - Thermal, Solar and Nuclear, Aerospace, LNG, Defence segments as well as Construction of Cross Country Oil and Gas Pipelines and Water Pipelines

## RESULTS OVERVIEW

During the year 2016-17, there was a temporary slowdown and negligible capex across our user industries. This led to a marginal dip in the performance. The Company's total income from operations declined by 18.84% to ₹ 1,489.92 Crores from ₹ 1,835.82 Crores in the previous year while the revenue from operations declined by 18.82% to ₹ 1,476.05 Crores from ₹ 1,818.34 Crores in the previous year. The Earnings before Interest, Depreciation and Tax (EBIDTA) at 19.03% was marginally higher at ₹ 271.22 Crores against 17.47% at ₹ 303.06 Crores in the previous year. The Profit After Tax was marginally higher at 10.02% at ₹ 144.30 Crores against 9.47% at ₹ 165.22 Crores in the previous year.

## STEEL TUBES AND PIPES INDUSTRY

The demand for Steel Tubes and Pipes is largely dependent on the performance of Oil and Gas, Petrochemicals & Refineries, Chemicals & Fertilizers, Power – Thermal, Solar & Nuclear, Aerospace, LNG, Water, Gas Transmission etc. Asia-Pacific, Africa and Latin America are among the fastest growing markets for Steel Pipes and Tubes due to their high economic growth and increased activity in various end user sectors including Oil, Power and Refineries. Robust growth in Asian countries such as India and China is driven by large population base and the enormous investments being made into large-scale infrastructure investments. Increasing energy needs and intensifying activity in the Construction and Power Plant Sectors are also expected to drive the development of the Steel Pipe Industry in the region. India will see a strong improvement in growth, driven by rising capex spend across the end-user industries. Sensing this opportunity, your Company has been proactive in initiating necessary expansions and product developments to cater to the expected incremental demand in coming years.

## STAINLESS STEEL DIVISION

Under the Stainless Steel division, the Company manufactures Seamless and Welded Pipes, Heat Exchanger Tubes, Instrumentation Tubes, Welded Titanium Tubes and Exotic Alloys (Incoloy, Inconel and Monel) Seamless Tubes. The division stands to benefit from the developments in the following sectors:

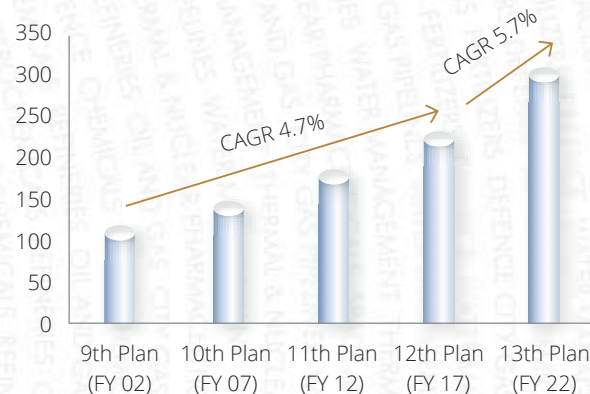
## Oil and Gas, Petrochemicals and Refineries

India is the world's sixth largest oil and gas consumer and the ninth largest crude oil importer. The sector contributes over 15% to India's GDP. High economic growth in the past few years, accelerating industrialization and increasing population is driving the demand for energy requirements. Through the New Exploration Licensing Policy (NELP) and Hydrocarbon Exploration and Licensing Policy (HELP), the Central Government is aiming to maximize the domestic exploration of Oil and Gas to attain self-sufficiency and reduce external dependence. India has proven reserves worth 621 MMT of crude oil and 1227 bcm of Natural Gas. The Central Government is envisaging expenditure of more than ₹1.5 lakh Crores for exploration and production over next 7-10 years. The PSU's (IOC contributing the highest, followed by BPCL and HPCL) will largely contribute to the foresaid growth in Refining Capacity.

During the year under review, the government has mandated the refineries to upgrade to BIS VI standards by 2020 in order to reduce the emissions levels. This technology upgradation will result in approximately ₹80,000 Crores investments by the refineries. The Centre and the Maharashtra government has further proposed developing a mega greenfield refinery and petrochemical complex in the Konkan region worth approx. USD 40 billion. Further, there is also an investment of approximately

₹20,000 Crores in HPCL-Visakhapatnam for enhancement of Refining Capacity and Petrochemical Complex. In the private sector, HMEL-Bhatinda is coming up with an expansion of ₹20,000 Crores for establishing a new Petrochemical Complex. All the above projects are expected to boost the demand for Stainless Steel and Nickel Alloys Tubes and Pipes for Petrochemicals and Refining Sectors. The upgradation along with the aforesaid expansion is expected to boost the demand for Stainless Steel Pipes & Tubes in the P & R sectors. The Company is poised to leverage this opportunity.

**Refining capacity at the end of various 5 Year Plans (MTPA)**



Source: Planning Commission, HDFC Sector Institute Research

## Company-wise Capacity Addition Plans over 5/10 years

| Company              | Current Capacity (MTPA) | Addition in next 5 years (MTPA) | Capacity after 5 years (MTPA) | In Planning Stage (MTPA) | Capacity after 10 years (MTPA) |
|----------------------|-------------------------|---------------------------------|-------------------------------|--------------------------|--------------------------------|
| IOC                  | 69                      | 27                              | 96                            | –                        | 96                             |
| BPCL & JV            | 28                      | 16                              | 44                            | –                        | 44                             |
| HPCL & JV            | 24                      | 12                              | 36                            | 7                        | 43                             |
| MRPL                 | 18                      | 7                               | 25                            | –                        | 25                             |
| CPCL                 | 12                      | 7                               | 19                            | –                        | 19                             |
| Mega Refinery        | –                       | –                               | –                             | 30                       | 30                             |
| <b>Total PSU</b>     | <b>151</b>              | <b>69</b>                       | <b>220</b>                    | <b>37</b>                | <b>257</b>                     |
| RIL                  | 65                      | –                               | 65                            | –                        | 65                             |
| Essar Oil            | 20                      | –                               | 20                            | –                        | 20                             |
| Nagarjuna Oil        | –                       | 6                               | 6                             | 6                        | 12                             |
| <b>Total Private</b> | <b>85</b>               | <b>6</b>                        | <b>91</b>                     | <b>6</b>                 | <b>97</b>                      |
| <b>Total India</b>   | <b>236</b>              | <b>75</b>                       | <b>311</b>                    | <b>43</b>                | <b>354</b>                     |

Source: Edelweiss Investment Research, Company, Industry reports, Media reports, HDFC Sector Institute Research

## Capex Refineries – Opportunities for Stainless Steel Tube/Pipes Manufacturers

| Route                                          | Investment target (INR Crores) | Opportunity for Stainless Steel Pipes (INR Crores) | Annual opportunity for Stainless Steel Tubes / Pipes (INR Crores) |
|------------------------------------------------|--------------------------------|----------------------------------------------------|-------------------------------------------------------------------|
| Capacity up-gradation for BIS-VI route by 2020 | 40,000                         | 2,000                                              | 700                                                               |
| Greenfield capacity addition till 2030         | 3,15,000                       | 15,000                                             | 400-800                                                           |
| Regular replacement demand                     | –                              | –                                                  | 300                                                               |
| <b>Total</b>                                   | <b>3,55,000</b>                | <b>17,000</b>                                      | <b>1,400-1,800</b>                                                |

Source: Edelweiss Investment Research

The stainless steel seamless and welded tubes & pipes industry constitutes 4-6% of the overall capex in refineries and petrochemicals. Your Company derives nearly [30% to 40%] of revenues from this segment. It has the capability to produce stainless steel seamless tubes in grades like Ferritic, Super Ferritic, Martensitic, Austenitic, Super Austenitic, Duplex, Super Duplex, Titanium, Incoloy and Inconel, among others that are widely accepted by the industry. The Company stands to substantially leverage the underlying capex momentum and is actively participating towards procuring orders from this segment.

On the Global front, the Company is exploring opportunities in the Oil and Gas & Refineries in US, Middle East, Iran, Africa and Far East countries. Besides, it will also leverage the Government's mandate of Gas import from other countries. This provides a high potential of generating business demand for Heat Exchange Tubes in the coming fiscal.

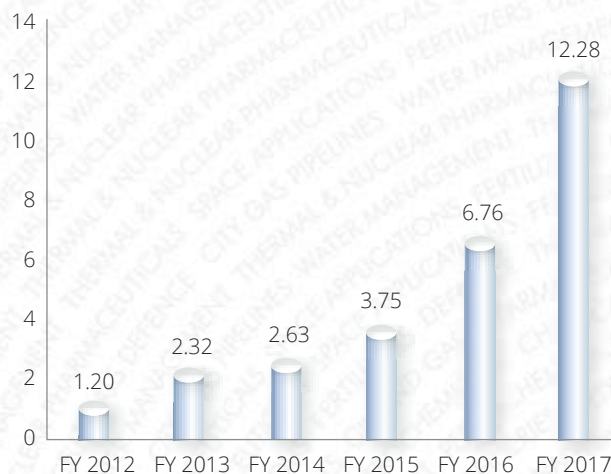
## Thermal Energy

Thermal Power generation accounts for 67% of the total electricity generated in India. State owned power generation authorities like NTPC is looking for replacing the old inefficient aged power plants by super critical power plants in the coming years and approximately 11,000 MW of new power plants will come into existence in the next 5 years. This will be an opportunity for Ratnamani to supply Tubes for auxiliary systems as well as Boiler Tubes. The sector is also going in for advanced Ultra Super Critical Power Plants, which will use very Exotic Alloys such as Inconel. These advanced Power Plants will consume less coal and are going to work with more efficiency and will be the order of the day in the next decade. With our capability to produce Exotic Alloys, within the next few years, Ratnamani's Seamless Division stands to gain substantially by this.

## Solar Energy

Solar Energy is one of the main sources of Renewable Energy. India has large solar energy potential and has approximately 12.50 GW of Solar Power Plants. A capacity target to achieve 100 GW of solar installations has been set to be met by 2022. If captured effectively, even a small fraction of the total incident solar energy will be able to meet the entire country's power requirements. Your Company has developed the desired grades to cater to the demand arising out of the increasing solar, thermal installations in the international markets, which may become a trend in future in our country also.

## Installed Solar Capacity (GW as on March 31<sup>st</sup>, 2017)



Source: CARE Ratings

## Nuclear and Atomic Energy

The Government of India has already cleared 10 Nuclear Power Plants each of 700 MW to be built in various locations in India. Ratnamani stands to benefit as it is already supplying its products to various nuclear power plants from the past few decades. Added to this Government's plans, additional capacities are being built by the overseas nuclear equipment manufacturers and this will also stand benefit to Ratnamani. Under the Make in India programme, Ratnamani will be focusing further developing very critical 'import substitute' for the Nuclear sector with the state-of-the-art manufacturing facilities set up in the seamless division and the Company should definitely be benefited by this in the next one decade.

A good demand for Stainless Steel Seamless and Welded Pipes is going to be there in the Atomic Energy Sector for the next one decade. Ratnamani, being the approved vendor and are already supplying very critical Pipes in this sector, stands to benefit from the same. Nuclear Recycle Board and Waste Fuel Storage facilities at Atomic Energy has a very large requirement of Stainless Steel Pipes, which your Company is going to target in the next 1 to 2 years. The Government of India is also on the verge of clearing the 3<sup>rd</sup> launch pad for launching commercial rockets and your Company, having experience of supplying critical seamless pipes in the last launch, stands to gain substantially from this Government of India's initiative.

## Fertilizer

Fertilizer production and consumption has increased over time owing to increasing demand for agricultural products. The Government of India has been consistently pursuing

policies to help increase the availability and consumption of Chemical Fertilizers, thereby maximizing the country's Agricultural production. It has set up gas-based urea plants to transport the gas to the fertilizer units. The Government of India has planned to put 5 new Fertilizer Plants across India in the next 5 to 6 years. This has led to increase in investments in the Fertilizer Plants across India.

Large volume of the Pipes in the Fertilizer Sector are Stainless Steel. Your Company has already successfully developed Critical Tubes such as Urea Grade Tubes for this sector and with the proper approval from the process licensors, all the future Fertilizer Plants coming up in India can have Tubes supplied from your Company.

## Defence

Development of Missiles requires exceptional ductility and toughness and remarkably high fatigue strength. The Steel Tubes need to possess excellent strength and hardness while functioning under extreme situations. The Company has successfully met the requirements and developed Stainless Steel Grade for advance Missiles to be used in the Defence Segment. It has done successful trials with BRAHMOS and is looking forward to explore additional business opportunity from this segment.

## LNG

Increasing focus on expansion of Gas Pipeline Infrastructure, rising demand for Natural Gas from Power and Industrial Sectors coupled with favourable government policies is making LNG a commercially viable fuel for an increasing number of end users industries in India. According to TechSci Research report "India LNG Market Forecast and Opportunities, 2025", India's LNG demand is anticipated to

increase from 64 mmscmd in 2015 to 306.54 mmscmd by 2025, registering a CAGR of 16.89% during 2015-2025.

Your Company has developed capacities to produce large diameter Stainless Steel Pipes upto 48 inches in 12 meter long with single long seam in grades such as Austenitic, Duplex and Super Duplex. These are the pipes which are required for LNG terminals and various other applications.

## CARBON STEEL DIVISION

The Company manufactures ERW, LSAW and HSAW pipes in Carbon Steel and Pipes with coating in this segment. The division stands to benefit from the developments in the following segments:

### Refineries and Petrochemicals

All Indian Refineries are now set to be upgraded/expanded and new plants are also coming. Critical process piping requirement is expected to be good for this upcoming demand. LSAW/HSAW plant is having a great opportunity to grab maximum orders.

### Oil and Gas Transmission Lines

The Energy Pipeline Infrastructure plays a vital role in ensuring that the economy is adequately fuelled to function. However, much needs to be done given India's underdeveloped Gas Pipeline Grid. Pipelines will have to play an important role in helping India achieve the target of Natural Gas contributing 15% to India's energy mix from the current level of 6.5%. According to Petroleum Planning and Analysis Cell, India currently has a Gas Pipeline network of 16,250 K.M. with a capacity of 386.53 Million standard cu. metres and a Pipeline Grid of 12,687 K.M.

### Total under construction pipelines (length - kms)

| Project's Name                                                        | Company's Name                            | Length           | K.M.s         |
|-----------------------------------------------------------------------|-------------------------------------------|------------------|---------------|
| Shahdol-Jaysingnagar-Beohari-Gurh-Phulpur                             | Reliance Gas Pipelines Limited            | 312.00           | 3.50          |
| Kakinada- Vizag- Srikakulam                                           | Andhra Pradesh Gas Distribution Corp. Ltd | 391.00           | 90.00         |
| Mallavaram-Bhopal-Bhilwara via Vijaipur                               | GSPL iNDIA Transco Limited                | 2,042.00         | 76.25         |
| Mehsana- Ajmer-Sirsa-Bhatinda                                         | GSPL India Gasnet Limited                 | 2,052.00         | 77.11         |
| Bhatinda-Kathua-Jammu_Srinagar                                        | GSPL India Gasnet Limited                 | 725.00           | 42.42         |
| Surat-Nagpur-Raipur-Paradip                                           | GAIL (India) Limited                      | 2,112.00         | 74.81         |
| Ennore-Nellore                                                        | Gas Transmission India Pvt. Ltd           | 430.00           | 36.00         |
| Tie-in-connectivity to the proposed Jaigarh LNG Terminal              | H-Energy Gateway Pvt. Ltd                 | 60.00            | 29.00         |
| Ennore-Thiruvallur-Bengaluru-Puducherry-Nagapatinam-Madurai-Tuticorin | India Oil Corporation Ltd.                | 1,385.00         | 84.70         |
| Jaigarh-Panji-Karwar-Udupi-Mangalore                                  | H-Energy Pvt. Ltd                         | 749.00           | 17.00         |
| <b>Total of Pipelines Under Construction</b>                          |                                           | <b>10,258.00</b> | <b>530.79</b> |

Government of India has announced key Transnational Pipelines coming up like- Turkmenistan- Afghanistan-Pakistan- India (TAPI) pipeline project, Deep Sea Natural Gas Pipeline from Middle East (Oman) to India, Pipeline involving Bangladesh, Myanmar and India. The Company is keeping a close watch of these developments by enhancing the capabilities of this segment.

In the international markets, the demand for HSAW and ERW pipes has shown a declining trend in continuation of last year. Many key projects were announced but are either extended indefinitely or cancelled. However, the requirements in OCTG market for small diameter pipes and HSAW pipes in water segment is keeping our hopes with new investments coming in regions like Africa.

With the increasing capex in cross country Oil and Gas pipelines and in-plant application pipelines, the Company will be benefited with increasing volumes. This capex momentum will boost demand for the Company over the next few years.

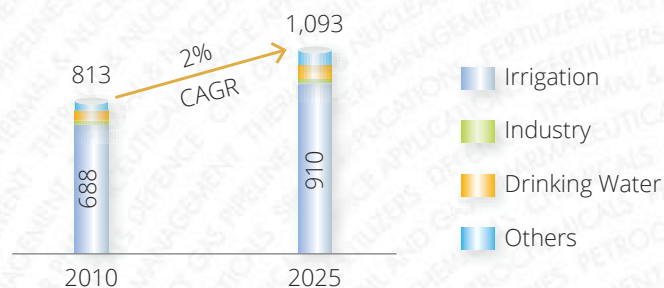
### City Gas Distribution

Natural Gas is colourless and odourless. It is converted to Compressed Natural Gas (CNG) and Piped Natural Gas (PNG), which is then distributed to the end users through City Gas Distribution (CGD) network. CNG is being increasingly used in transportation sector, where it acts as a fuel for vehicles like taxi, cars, LCVs/RTVS and autos. PNG is used as a fuel by domestic consumers (households), commercial consumers (hotels, offices and canteens, among others) and industrial consumers (dryers, boilers and furnace, among others) in the country. Over the next decade, the City Gas Distribution is expected to witness a robust growth in the country. The main reasons behind this growth will be:

- Availability of huge reserves of Natural Gas in India and LNG imports
- Investments in Infrastructure upgradation
- Environmental friendliness
- Easy transportability

PNGRB plans to invite fresh bids for 27 GAs under the fifth and sixth bidding rounds that either did not receive a bid or received only one bid. The Ministry of Urban Development has also selected 20 cities to be taken up for CGD network development under Round I of the Smart Cities Challenge. Of the 20 cities selected, bids have been invited for the development of CGD networks in 11 cities. There is thus

### Water Demand across India is expected to rise from 2010-2025



Source: Business Monitoring Intelligence (BMI), Vibrant Gujarat 2017

**80%**

Water supplied specially in urban areas becomes waste water

**40%**

Water losses out of total distributed water in India, highest in world

**33%**

Expected rise in Indian population, from 1.2 bn in 2015 to 1.6 bn by 2030

Source: Business Monitoring Intelligence (BMI), Vibrant Gujarat 2017

significant opportunity for Pipe Manufacturers like us. The Company is already executing order for CGD networks. We will keep a close watch on the developments and continue bidding for newer business.

## Water Infrastructure

Fresh water is a finite resource. With growing population and pollution, this resource is rapidly becoming scarce. Water is transported to the end user for three purposes:

- Domestic usage (Potable Water)
- Agriculture (Irrigation)
- Industrial usages (Power production, Mining, Oil & Gas, Manufacturing)

In India, a warm climate is drying up lakes and rivers, while rapid urbanization and water pollution are putting enormous pressure on the quantity and quality of surface and ground water. Total water production is estimated to rise but water production per household is expected to decrease. Rising demand and low per capita production is increasing the over exploitation of ground water. Around 225 Million people in India do not have access to safe drinking water. In 2015, nine states in India including Maharashtra, MP, Karnataka and UP declared drought with decreasing water storage capacity. Maharashtra and Gujarat stored only 21% water out of their total capacity average of 44%. States like Gujarat, Maharashtra and Karnataka are setting up bulk pipelines to meet the demand of their respective states.

The Water Pipeline Segment has seen reasonable activity and it likely to see greater activity in the coming years. Your Company foresees huge opportunity from this segment owing to acceptability of Carbon Steel Pipes for transportation.

## Power Sector

For the economy's well-being, the power sector constitutes as one of the most crucial components. India's Power Sector is one of the world's most diversified one. Sources of power generation range from:

- Conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power
- Viable non-conventional sources such as wind, solar, and agricultural and domestic waste

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

the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower). From the days of state utilities grappling with high debts, the country has entered a phase where the financial health of distribution companies (DISCOMs) is gradually improving and capacity expansion is on the rise. On the other hand, a highly volatile global business scenario is still making the industrial demand uninspiring.

Total installed capacity of power stations in India stood at 329,205 Megawatt (MW) as on March 31<sup>st</sup>, 2017. The Ministry of Power has set a target of 1,229.4 billion units (BU) of electricity to be generated in 2017-18. This target is 50 BU's higher than the target for 2016-17. The annual growth rate in Renewable Energy Generation has been projected to be 27% and 18% for Conventional Energy.

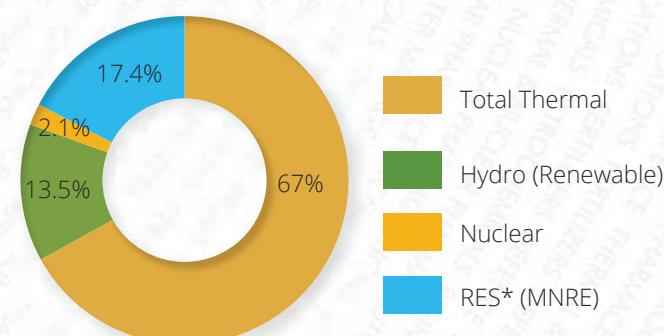
The expansions in the Power Sector will continue to drive demand for the Company's Carbon Steel products.

### Installed capacity of power

| Fuel              | MW             | %of Total      |
|-------------------|----------------|----------------|
| Total Thermal     | 2,20,570       | 67.00%         |
| Coal              | 194,403        | 59.10%         |
| Gas               | 25,329         | 7.60%          |
| Oil               | 838            | 0.30%          |
| Hydro (Renewable) | 44,594         | 13.50%         |
| Nuclear           | 6,780          | 2.10%          |
| RES* (MNRE)       | 57,260         | 17.40%         |
| <b>Total</b>      | <b>329,204</b> | <b>100.00%</b> |

RES (Renewable Energy Sources) include Small Hydro Project, Biomass Gasifier, Biomass Power, Urban & Industrial Waste Power, Solar and Wind Energy.

Source: <http://powermin.nic.in/>



## Risk and Concerns

For the Company's well-being, Ratnamani believes in controlling risks through a formal programme. The Risk Management Committee has been formed by the Board to identify the risks impacting the business. The committee formulates strategies/policies to mitigate risks as a part of risk management. Also in place is a core Committee comprising senior management, formed to identify and assess key risks. This committee will also formulate strategies for mitigation of risks identified in consultation with process owners. The Board of Directors adopted a formal Risk Management Policy for the Company, whereby, risks are broadly categorized into Strategic, Operational, Compliance and Financial & Reporting Risks - outlining the parameters of identification, assessment, monitoring and mitigation of various risks.

## Industrial & Human Resource Management

Your Company believes in creating and encouraging a healthy and comfortable working environment. The ever-changing customer needs is one of the determining factors behind the direction of the People framework. Your Company is constantly working to achieve this towards attaining business leadership. We have utilized our insights from the current, past and potential employees. This has helped us in framing the organization's employee value proposition. The Company is sincerely committed towards the development of its people. We have now institutionalized our people review process. This has been done across the organization. Regular training and mentoring further promotes developmental conversations across all levels.

The Company is continuously working towards creating an inclusive workplace that engages effortlessly with the new age and diverse workforce across various locations. We have also placed priorities in creating a strategic workforce planning. This is to help create a long-term roadmap for acquiring and managing future capabilities in an optimal manner.

## Environment and Safety

Your Company is committed to safeguard the environment. We have always considered safety during work to be of paramount importance. By complying all the compliances, we have constantly strived for improving our processes, practices and awareness towards EHS.

## Outlook

The Company is all geared to influence the underlying opportunities with high visibility of investments in domestic oil refinery industry and optimism arising out of other user segments. With capacities in place, the Company is perfectly positioned to enhance its volumes. This in turn is expected to lead to higher revenues and stronger realizations in the years to come.

## Disclaimer

Readers are cautioned that this discussion and analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words "anticipate," "believe," "estimate," "intend," "will," and "expected" and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Actual results, performances or achievements, risks and opportunities could differ materially from those expressed or implied in these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements as these are relevant at a particular point of time & adequate restraint should be applied in their use for any decision making or formation of an opinion. The foregoing discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

# Business Responsibility Report

Your Directors are pleased to present the Business Responsibility Report of the Company for the Financial Year ended on 31<sup>st</sup> March, 2017.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY:

|    |                                                                                                                                                               |       |           |                                                                                                                                                           |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | Corporate Identity Number (CIN) of the Company                                                                                                                |       |           | L70109GJ1983PLC006460                                                                                                                                     |
| 2  | Name of the Company                                                                                                                                           |       |           | Ratnamani Metals & Tubes Limited                                                                                                                          |
| 3  | Address of the Registered Office of the Company                                                                                                               |       |           | 17, Rajmugat Society, Naranpura Char Rasta, Ankur Road, Naranpura, Ahmedabad - 380 013, Gujarat                                                           |
| 4  | Website                                                                                                                                                       |       |           | <a href="http://www.ratnamani.com">http://www.ratnamani.com</a>                                                                                           |
| 5  | Email id                                                                                                                                                      |       |           | <a href="mailto:info@ratnamani.com">info@ratnamani.com</a>                                                                                                |
| 6  | Financial year reported                                                                                                                                       |       |           | 1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017                                                                                               |
| 7  | Sector(s) that the Company is engaged in (industrial activity code-wise):                                                                                     |       |           |                                                                                                                                                           |
|    | Group                                                                                                                                                         | Class | Sub Class | Description                                                                                                                                               |
|    | 241                                                                                                                                                           | 2410  | 24106     | Manufacture of Tubes and Pipes                                                                                                                            |
|    | 243                                                                                                                                                           | 2431  | 24311     |                                                                                                                                                           |
| 8  | List three key products/services that the Company manufactures.                                                                                               |       |           | The Key products that the Company manufacture are as follows:<br>- Stainless Steel Tubes and Pipes<br>- Carbon Steel Pipes<br>- Carbon Steel Coated Pipes |
| 9  | Total number of locations where business activity is undertaken by the Company :<br>(a) Number of International Locations<br>(b) Number of National Locations |       |           | 34<br>All over India                                                                                                                                      |
| 10 | Markets served by the Company – Local/State/<br>National/International                                                                                        |       |           | The company served local, state, National and International markets.                                                                                      |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY:

|   |                                                                                               |                                                                                                                                                                                                                                                                               |
|---|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Paid up Capital (INR)                                                                         | ₹ 934.56 Crore                                                                                                                                                                                                                                                                |
| 2 | Total Turnover (INR)                                                                          | ₹1,47,605.20 Lacs                                                                                                                                                                                                                                                             |
| 3 | Total profit after taxes (INR)                                                                | ₹14,429.91 Lacs                                                                                                                                                                                                                                                               |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | The Company has spent ₹ 230.59 Lacs towards Corporate Social Responsibility (CSR) which constitutes 1.59% of Profit After Tax.                                                                                                                                                |
| 5 | List of activities in which expenditure in 4 above has been incurred:-                        | a. Education of children in the Rural Area.<br>b. Promotion of preventive Healthcare In the Rural Area.<br>c. Rural Transformation.<br>d. Enhancing Vocational Skills amongst women and children.<br>e. Ensuring Environmental sustainability.<br>f. Conservation of Ecology. |

## SECTION C: OTHER DETAILS:

### 1. Does the Company have any Subsidiary Company/Companies?

Yes, the Company has one Subsidiary Company in United States of America (U.S.A.) namely Ratnamani Inc.

### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary company(s)

The Subsidiary Company does not participate in the BR initiatives of the Company.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] –

We do not mandate our suppliers / traders to participate in the Company's Business Responsibility initiatives, however, they are encouraged to do so. (Less than 30%). The details of the same are as follows:

1. M/s. Anjana Steel Traders – Mumbai (Percentage – Less than 2%)
2. M/s. Aurum Alloys & Engineering LLP – Mumbai (Percentage – Less than 1%)

#### SECTION D: B R INFORMATION:

##### 1. Details of Director/Directors responsible for BR

- a) Details of the Director/Director responsible for implementation of the BR policy/policies:

| Sr. No. | Particulars | Details            |
|---------|-------------|--------------------|
| 1       | DIN Number  | 00006354           |
| 2       | Name        | Prakash M. Sanghvi |
| 3       | Designation | Managing Director  |

- b) Details of the BR Head :

| Sr. No. | Particulars         | Details                                                                          |
|---------|---------------------|----------------------------------------------------------------------------------|
| 1       | DIN (If applicable) | 00006178                                                                         |
| 2       | Name                | Jayanti M. Sanghvi                                                               |
| 3       | Designation         | Whole time Director                                                              |
| 4       | Telephone No.       | 079-27415501-04                                                                  |
| 5       | Email I.D.          | <a href="mailto:jayanti.sanghvi@ratnamani.com">jayanti.sanghvi@ratnamani.com</a> |

##### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

|             |                                                                                                                                                              |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.                                                                |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.                                     |
| Principle 3 | Businesses should promote the well-being of all employees.                                                                                                   |
| Principle 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| Principle 5 | Businesses should respect and promote human rights.                                                                                                          |
| Principle 6 | Businesses should respect, protect and make efforts to restore the environment.                                                                              |
| Principle 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.                                                  |
| Principle 8 | Businesses should support inclusive growth and equitable development.                                                                                        |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner.                                                    |

## a) Details of compliance (Reply in Y/N)

| Sr. No. | Questions                                                                                                                                                  | P1            | P2            | P3 | P4  | P5            | P6 | P7                | P8  | P9                |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|----|-----|---------------|----|-------------------|-----|-------------------|
| 1       | Do you have a policy/ policies for...                                                                                                                      | Y             | N<br>Note - 1 | Y  | Y   | Y<br>Note - 2 | Y  | Refer<br>Note - 3 | Y   | Refer<br>Note - 4 |
| 2       | Has the policy being formulated in consultation with the relevant stakeholders?                                                                            | Y             | -             | Y  | Y   | -             | -  |                   | Y   |                   |
| 3       | Does the policy conform to any national / international standards? If yes, specify? (50 words)*                                                            | Y             | -             | -  | Y   | -             | -  |                   | Y   |                   |
| 4       | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?                                      | Y             | -             | -  | Y   | Y             | -  |                   | Y   |                   |
| 5       | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?                                  | Y             | -             | -  | Y   | -             | -  |                   | Y   |                   |
| 6       | Indicate the link for the policy to be viewed online?                                                                                                      | **            | -             | -  | *** | **            | -  |                   | *** |                   |
| 7       | Has the policy been formally communicated to all relevant internal and external stakeholders?                                                              | Y             | -             | Y  | Y   | -             | -  |                   | Y   |                   |
| 8       | Does the company have in-house structure to implement the policy/ policies?                                                                                | Y             | -             | Y  | Y   | -             | -  |                   | Y   |                   |
| 9       | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y             | -             | Y  | Y   | -             | -  |                   | Y   |                   |
| 10      | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | Y<br>Note - 2 | -             | Y  | Y   | -             | -  |                   | Y   |                   |

\* Yes, the Company's policy confirms to the National Standards such as ISO 14001 and OHSAS.

\*\* [www.ratnamani.com/investorsrelations/codesandpolicy/codes/codeofconduct](http://www.ratnamani.com/investorsrelations/codesandpolicy/codes/codeofconduct)

\*\*\* [www.ratnamani.com/investorsrelations/codesandpolicy/policy/csrpolicy](http://www.ratnamani.com/investorsrelations/codesandpolicy/policy/csrpolicy)

Note – 1: The Company has a systematic process of assessing customer needs fulfilling them with innovative products and services. It also has a customer redressal system.

Note – 2: The policy is embedded in the Company's Code of Business conduct, HR Policies and various other HR Practices.

Note – 3: Compliance reports from designated employees which are discussed at every Board Meeting of the Company.

Note - 4: The Company has a track record of pioneering achievements, long experience and leadership position which has benefitted the current pipe industry at large in initiating dialogue with the government. However, no need for a formal policy has been felt.

- a) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| No. | Questions                                                                                                                         | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1   | The company has not understood the Principles                                                                                     |     |     |     |     |     |     |     |     |     |
| 2   | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |     |     |     |     | ✓   |     |     |     |     |
| 3   | The company does not have financial or manpower resources available for the task                                                  |     |     |     |     |     |     |     |     |     |
| 4   | It is planned to be done within next 6 months                                                                                     |     |     |     |     |     |     |     |     |     |
| 5   | It is planned to be done within the next 1 year                                                                                   |     |     |     |     |     |     |     |     |     |
| 6   | Any other reason (please specify)                                                                                                 |     |     |     |     |     |     |     |     |     |

#### Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :
- The BR performance of the Company is regularly monitored by the Company and reviewed by the Managing Director and respective departmental heads, at least once annually.
- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
- No, the Company does not publish a BR or Sustainable Report. It is the first time for the Company to make BR or Sustainability Report with effect from the F.Y. 2016-17

### SECTION E: PRINCIPLE-WISE PERFORMANCE

#### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers /Contractors/NGOs /Others?

The Company is committed to do business with integrity and adhere to ethical business practices. It acts with integrity in all aspects of its business. The Company has a Code of Business conduct and a Vigil Mechanism Policy that are approved by the Board of Directors. These are applicable to all the Board Members and Employees. This highlights Ratnamani's commitment to ethical and transparent corporate governance practices. The philosophy of Ratnamani in relation to corporate governance is to ensure transparent disclosures and reporting that conforms fully to laws, regulations and guidelines and to promote ethical conduct throughout the organisation with the primary objective of enhancing shareholders' value while being a responsible corporate citizen.

The code is available on the Company's website at its web address: [http://www.ratnamani.com/investors\\_relations](http://www.ratnamani.com/investors_relations), [www.ratnamani.com/investors\\_relations/codes](http://www.ratnamani.com/investors_relations/codes) & [policies/code of conduct and www.ratnamani.com/investors\\_relations.html](http://www.ratnamani.com/investors_relations.html)/codes & policies / policy / vigil mechanism policy

Further, to strengthen company's commitment against workplace harassment, Ratnamani has come out with sexual harassment order in line with the sexual harassment of women at workplace act 2013, which is strictly governed and enforced across the organization.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The details of the complaints received and redressed during the year is as given below:

| Particulars         | Pending as on<br>31.03.2016 | Received during<br>2016-17 | Redressed during<br>2016-17 | Pending as on<br>31.03.2017 |
|---------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| Customer complaints | Nil                         | Nil                        | Nil                         | Nil                         |
| Investor complaints | Nil                         | 3                          | 3                           | Nil                         |

**PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company's business activities comprise of manufacturing of Stainless Steel Pipes and Tubes and Carbon Steel pipes. It has incorporated social as well as environment concerns, risks and / or opportunities in each of these as under.

- All the units of the company are certified covering ISO 9001(Quality management system), OHSAS 18001(Occupational Health and safety Assessment series) , ISO 14001(Environment Management System)
- State of the art technologies in its pipe manufacturing & coating plants , includes installation of advanced machinery with green fuel type heat treatment furnace
- We have installed 8 units of wind power mill. The recovery rate of energy from such fuels is 50-60 % (approx.)
- Solar roof panel facility has been used at Indrad.
- CFL lights have been replaced to LED for power saving in the premises

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

The company has procedures in place for sustainable sourcing. Further, suitability is even extended to suppliers / vendors. All requirements on various aspects such as Health & Safety and Environment protection are regularly audited and met.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

No.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

Yes, the company has taken several steps to procure goods and services from local and small vendors in order to promote entrepreneurship among them. Some of these initiatives include.

- 80% sourcing of consumables as well as services are procured by local vendors
- An equal opportunity in form of employment is given to differently abled people, destitute women and people from weaker sections
- Opportunities are also been regularly given to the MSMes / SMSes

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Being a responsible corporate citizen, the company believes in “Reducing, Reusing and Recycling” principle. Some of the initiatives taken by our company are

- Re-use of treated effluent water in gardening and other processes.
- Collection of rain water at plant premises and its storage at dedicated water pond. The water pond’s capacity is of 12500 KL
- Use of vegetation and food waste in making compost which in turn is used in fertilization and making of manure for the garden
- Hazardous wastes e.g. used oil; e-wastes, batteries, etc. are disposed off only to authorized recyclers.
- Treated solid waste is also disposed of only to authorized land filling site.

**PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELL BEING OF ALL EMPLOYEES**

1. Please indicate the Total number of employees. –1940
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis. – 680
3. Please indicate the Number of permanent women employees. – 10
4. Please indicate the Number of permanent employees with disabilities – 19
5. Do you have an employee association that is recognized by management - NIL
6. What percentage of your permanent employees is members of this recognized employee association? – N.A.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| Sr. No. | Category                                          | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---------|---------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
| 1       | Child labour / forced labour / involuntary labour | Nil                                              | Nil                                                      |
| 2       | Sexual harassment                                 | Nil                                              | Nil                                                      |
| 3       | Discriminatory employment                         | Nil                                              | Nil                                                      |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

| Category                                      | Percentage |
|-----------------------------------------------|------------|
| a) Permanent Employees                        | 80 %       |
| b) Permanent Women Employees                  | 75 %       |
| c) Casual / Temporary / Contractual Employees | 100 %      |
| d) Employees with Disabilities                | 60 %       |

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED.**

1. **Has the company mapped its internal and external stakeholders? Yes/No**  
 Yes, the company has mapped its internal and external stakeholders.
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**  
 Yes, the Company has identified the disadvantaged, vulnerable and marginalized stakeholders, namely the communities around its manufacturing sites and its workers, supervisory staff.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

The company has identified the need of the communities spread around its significant area of business / manufacturing units for providing education to children in rural areas, promotion of preventive healthcare in rural areas, enhancing vocational skills amongst women and children, ensuring environmental sustainability, conservation of ecology, etc.

**PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

All aspects of the human rights are inbuilt and covered under the Company's Code of Business Conduct as well in various human resource practices/policies.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

There have been no complaints regarding breach of human rights aspects in the reporting period.

**PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The policy related to Principle 6 covers only the Company.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

No.

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes, the Company have identified potential environmental risks.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

No, the Company has no project related to Clean Development Mechanism.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes.

- Re-use of treated effluent water in gardening and other processes.
- Collection of rain water at plant premises and its storage at dedicated water pond. The water pond's capacity is of 12500 KL.
- Use of vegetation and food waste in making compost which in turn is used in fertilization and making of manure for the garden.
- Hazardous wastes e.g. used oil; e-wastes, batteries, etc. are disposed off only to authorized recyclers.
- Treated solid waste is also disposed of only to authorized land filling site.

The company has strong focus on clean technology, energy efficiency and renewable energy. Our renewable energy portfolio includes 27 MW based energy generation at various places in Gujarat.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the Emissions/Waste generated by the Company are within the permissible limits given by Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for the reporting period.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

**PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with :**

The Company is associated / is a member of the following associations:

- a) Bombay Chamber of Commerce and Industry.
- b) Gujarat Chamber of Commerce and Industry.
- c) Ahmedabad Management Association.
- d) Process Plant and Machinery Association of India.
- e) Federation of Industries of India.
- f) Federation of Kutch Industries Associations.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Although, the Company is member of the Associations, it has not lobbied in the above areas.

**PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, the Company has specific programmes/ initiatives/projects in pursuance of its CSR Policy. The Company has carried out CSR Projects in pursuance of inclusive development, primarily focus on:

**1. Education of children in rural areas :**

Ratnamani Education Campus" located in the Becharaji district of Mehsana Region which is the flagship rural education initiative of Ratnamani Metals & Tubes Ltd. and has been facilitated with modern academic infrastructural facilities. The campus offers free education till standard 5th, hostel facilities, and provides higher education in different faculties of science, commerce and pharmacy thus providing a holistic development to children. Our company has been instrumental in building and improvising infrastructural facilities of various schools thereby promoting education in the rural areas.

**2. Health and Sanitation:**

Understanding the importance of Central Government's campaign of making India "Clean India, Green India" and its pursuit for cleanliness and eradicating open defecation we have already constructed 120 sanitary complexes in 4 different villages namely Bhimasar (25), Satpura (15) Tapar (50) & Indrad (30) till date.

**3. Rural Transformation :**

Our company has been instrumental in has transformed the village Nenava located in Banaskatha district in terms of rural transformation by building roads and other infrastructural facilities, also facilitates the government schools in every possible way. Apart from that the schools of Adipur has been aided with basic infrastructural facilities.

**4. Enhancing vocational skills amongst women and children:**

Women Empowerment is one area in which the company has been working continuously. To make the females and women of the Village Nenava self-reliant, vocational development classes for Sewing and Embroidery,

Mehdi, Art & Craft etc. has been initiated. More than 200 females have been trained under these training classes.

#### 5. Ensuring Environmental sustainability / Conservation of Ecology :

Our company also works in the area of Environment sustainability and hence till date has planted number of trees at various locations and also maintains it in the vicinity of our facilities and also have started its own exclusive campaign of saving the little bird Sparrow which is in verge of extension due to the hazardous effect of urban lifestyle. Till date more than 18000+ nests have been distributed in the region of Gujarat.

#### 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

CSR projects are being implemented either directly by the Company or through various implementing partners who respect and agree to our organisation's core CSR values. These efforts are being undertaken preferably in the local area and areas around our work centres sites. To effectively manage, monitor and implement CSR initiatives of the company, and in terms of provisions of Companies Act, 2013, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee as a sub-committee to the Board.

#### 3. Have you done any impact assessment of your initiative?

The Company is regularly receiving feedbacks of various CSR activities carried out and undertakes timely assessments of implemented projects for ensuring their desired impact and continued sustenance.

#### 4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The Company has spent ₹230.59 lacs on CSR activities during the F.Y. 2016-17. Details of the same is mentioned in Annexure-"D"

#### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, where we implement CSR projects, we ensure that the initiative is successfully adopted by the community.

### PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

#### 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

There have been no cases of customer complaints / consumer cases pending at the end of the financial year.

#### 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)?

Yes, the detailed specifications are marked on the outer side of the product such as Company Name, Heat Number, Products Standard etc.

#### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

#### 4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, we are carrying out customer survey by sending Customer Feedback Form periodically and are trying to improve based on their suggestions / feedback.

# Directors' Report

Dear Members,

Your Directors are pleased to present the 33<sup>rd</sup> Annual Report of your company along with the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2017.

## 1. FINANCIAL RESULTS AT A GLANCE

(₹ in Lacs)

| Particulars               | Standalone       |                  | Consolidated     |                  |
|---------------------------|------------------|------------------|------------------|------------------|
|                           | 31st March, 2017 | 31st March, 2016 | 31st March, 2017 | 31st March, 2016 |
| Revenue from Operations   | 147,605          | 181,834          | 147,623          | 181,847          |
| Other Income              | 1388             | 1,749            | 1,388            | 1,749            |
| Total Income              | 148,993          | 183,583          | 149,011          | 183,596          |
| Profit before Tax         | 20,546           | 24,030           | 20,522           | 24,039           |
| Less: Income tax expenses | 6,116            | 7,508            | 6,116            | 7,509            |
| Profit After Tax          | 14,430           | 16,522           | 14,406           | 16,530           |

## 2. OPERATIONAL REVIEW/STATE OF THE COMPANY'S AFFAIRS

During the year under review, the demand from Oil & Gas and Power sectors, main user sectors for the products of the Company, continued to remain at low levels as a result of continuing global economic conditions and delay in start of order cycle in respect of some of the major projects within the country. The commodity prices were also on the lower side during the year. These impacted performances of the Company adversely. The Total Income on Standalone basis for F.Y. 2016-17 at ₹ 1489.93 crores was lower by 18.84% compared to the total income of the previous year, while the Profit for the year at ₹ 144.30 crores was lower by 12.66% compared to the previous year.

The Consolidated Gross Revenue from operations for F.Y. 2016-17 was at ₹ 1490.11 crores, lower by 18.84% and the Consolidated Profit after tax at ₹ 1440.60 crores was lower by 12.85%

There are no material changes or commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this Report.

## 3. DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 5.50/- per Equity Share having face value of ₹ 2/- each (i.e. 275% on the paid-up capital) for the financial year ended on 31<sup>st</sup> March 2017 for consideration of the Members at the ensuing Annual General Meeting. The total dividend payout

for F.Y. 2016-17 shall be ₹ 3093.24 lacs comprising of dividend amounting to ₹ 2570.04 lacs and dividend tax of ₹ 523.20 lacs.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top five hundred listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. The Board of the Directors of the Company have formulated and approved the Dividend Distribution Policy and it is available on the Company's website at the web link: [http://www.ratnamani.com/investors\\_relations.html](http://www.ratnamani.com/investors_relations.html)

## 4. TRANSFER TO RESERVES

Your company does not propose to transfer any amount to any reserves of the Company for the year under review.

## 5. SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2017 was ₹ 934.56 Lacs divided into 4,67,28,000 Equity Shares of ₹ 2/- each.

## 6. FINANCE

The Company does not have any long-term borrowings as on date. The last two instalments of the Long Term ECB taken by the Company have been paid during the year under review.

## 7. FIXED DEPOSITS

During the year under review, your Company has not accepted any deposit from the shareholders and public within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with

the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force.

## 8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A) Directors

- a) As required under Regulation 36(3) of the SEBI (LOADR) Regulations, 2015, particulars of Shri Jayanti M. Sanghvi (DIN: 00006178), Whole Time Director, seeking re-appointment at ensuing Annual General Meeting is annexed to the notice convening 33<sup>rd</sup> Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as per Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (LOADR) Regulations, 2015. The Independent Directors of your Company hold office up to the conclusion of the 35<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2019 and are not liable to retire by rotation and they are not disqualified.

- b) Performance Evaluation of Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 16 of SEBI (LOADR) Regulations, 2015 the Board has carried out annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. The way the evaluation has been carried out has been explained in the Corporate Governance Report.

- c) Remuneration Policy

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration as recommended by the Nomination

& Remuneration Committee. The Remuneration Policy is incorporated in the Corporate Governance Report.

- d) The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the web link: [http://www.ratnamani.com / investorsrelations.html](http://www.ratnamani.com/investorsrelations.html)

### B) Key Managerial Personnel

During the year, there was no change amongst the Key Managerial Personnel. The following persons are the Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Companies Act 2013, read with the Rules framed thereunder.

1. Shri Prakash M. Sanghvi, Managing Director
2. Shri Jayanti M. Sanghvi, Whole time Director
3. Shri Shanti M. Sanghvi, Whole time Director
4. Shri Vimal Katta, CFO
5. Shri Jigar Shah, CS & Compliance officer

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby states and confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations 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<sup>st</sup> March 2017 and of the profits of the Company for the financial year ended on 31<sup>st</sup> March 2017.
- 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.
- 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.

## 11. BOARD MEETINGS

Four Meetings of the Board of Directors were held during the year. For further details, please refer Corporate Governance Report.

## 12. AUDIT COMMITTEE

As provided in Section 177(8) of the Companies Act, 2013, the information about Audit Committee and its details are given in the Corporate Governance Report. The Board has accepted the recommendations of Audit Committee. Presently, Shri Divyabhash C. Anjaria is the Chairman of the Committee and Dr. V. M. Agrawal, Shri Jayanti M. Sanghvi and Smt. Nidhi G. Gadhecha is the members of the Committee.

## 13. STATUTORY AUDITORS

In compliance with the Companies (Audit and Auditors) Rules, 2014, M/s. Mehta Lodha & Co., Chartered Accountants and M/s. S.R.B.C. & Co., LL.P. Chartered Accountants, Joint Statutory Auditors of the Company, have been appointed as Joint Statutory Auditors of the Company to hold office till the conclusion of the 33rd and 35th Annual General Meeting respectively, as approved by the members at their 30<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September 2014.

Pursuant to the requirements of Section 139(1) of the Companies Act, 2013, the appointment of Statutory Auditors is to be ratified by the members at every Annual General Meeting. As per provisions of the Companies Act, 2013, an audit firm functioning as auditor of the Company for ten years or more as on commencement of provisions of Section 139(2) of the Companies Act, 2013 may be appointed in the same Company for a further period upto three years from 1<sup>st</sup> April, 2014. As maximum statutory tenure of M/s. Mehta Lodha & Co. Chartered Accountants to continue, as auditors will be ending at the ensuing AGM, hence they are not eligible to be considered

for re-appointment at the ensuing AGM of the Company.

The Board appreciates the valuable support and guidance given by them during their tenure as Joint Statutory Auditors of the Company.

The members are requested to ratify the appointment of M/s. S.R.B.C. & Co., LL.P. Chartered Accountants, as Statutory Auditors of the Company for the F.Y. 2017-18.

Your company has received written consent and certificate of eligibility in accordance with Sections 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) for the time being in force), from M/s. S.R.B.C. & Co., LL.P., Chartered Accountants. Further, they have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under the Listing Regulations.

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force).

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## 14. COST AUDITORS

Your Directors have, on the recommendation of the Audit Committee, appointed M/s. N. D. Birla & Co., Cost Accountants, to audit the Cost accounts of the Company for the financial year 2017-18 on a remuneration of ₹ 1,00,000/- plus taxes as applicable and out of pocket expenses, subject to ratification of the said remuneration by the Members in ensuing Annual General Meeting. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to M/s. N.D. Birla & Co., Cost Accountants, is included at Item No.5 of the Notice convening the Annual General Meeting. The Cost Auditors' Report for the financial year 2016-17 does not contain any qualification, reservation or adverse remark.

Your company has received consent from M/s. N. D. Birla & Co., Cost Accountants, to act as the Cost

Auditors for conducting audit of the cost records for the financial year 2017-18 along with a certificate confirming their independence and arm's length relationship.

#### 15. SECRETARIAL AUDITORS

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. M. C. Gupta & Co., Company Secretaries in practice as the Secretarial Auditor to conduct an audit of the secretarial records, for the financial year 2017-18.

Your company has received consent from M/s. M. C. Gupta & Co., Company Secretaries in practice to act as the secretarial auditors for conducting audit of the secretarial records for the financial year ending 31<sup>st</sup> March, 2018.

#### 16. CREDIT RATING

CRISIL has reaffirmed "AA/stable" rating for the Company's long-term borrowings and "A1+" for its short-term borrowings.

#### 17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Audit function is handled by an external firm namely M/s. G. K. Choksi & Co., Chartered Accountants. The internal control systems are regularly being reviewed by the Company's Internal Auditors with a view to evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and to ensure that these are working properly and wherever required, are modified/ tighten to meet the changed business requirements.

All the process owners are certifying the compliance to all applicable rules, regulations and laws every quarter to the Board and are responsible to ensure that internal controls over all the key business processes are operative. The scope of the Internal Audit is defined and reviewed every year by the Audit Committee and inputs, wherever required, are taken from the Statutory Auditors. Based on the report of Internal Auditors, major audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

#### 18. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

##### Conservation of Energy and Technology Absorption

Information required under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, as amended from time to time is given in **Annexure-"A"** forming part of this report.

The Company has commissioned windmills at various places for "Green Energy Generation", thus continuing to contribute, in a small way, towards a greener and cleaner earth.

#### 19. RISK MANAGEMENT

Your company has an elaborate Risk Management procedure covering Business Risk, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis within the risk appetite as approved from time to time by the Board of Directors. Your company has already set up a Risk Management Committee in accordance with the requirements of SEBI (LOADR) Regulations, 2015. The key risks and mitigating actions are also placed before the Audit Committee and the Board of Directors of the Company.

As on the date of this report, the Company does not foresee any critical risk, which threatens its existence.

The details of foreign exchange earnings and outgo as required under Section 134 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned in **Annexure - "A"**.

#### 20. PERFORMANCE OF THE SUBSIDIARY

##### Ratnamani INC.

The Company had recorded a loss of US\$ 36,130.02 (equivalent to ₹ (23.98) Lacs) for the year ended on 31 March, 2016 [Previous Year : Profit of Rs. US\$ 11,246.22 (equivalent to ₹ 7.33 Lacs)]

#### 21. SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENT

The Company has one Wholly Owned Subsidiary in the State of Delaware, USA in the name "Ratnamani Inc." During the year under review the

performance of the Company had declined due to lower crude prices. A report on the performance and financial position of the subsidiary is given in **Annexure - "B"**. Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Regulation 33 of SEBI (LOADR) Regulations, 2015 which have been prepared in accordance with the applicable provisions of the Companies Act, 2013 and Indian Accounting Standards ("Ind AS") for financial year ended 31<sup>st</sup> March, 2017 and approved by the Board. These Consolidated Financial Statements have been prepared on the basis of audited financial statements of the Company and its subsidiary company, as approved by their respective Board of Directors.

The Financial Statements as stated above are also available on the website of the Company and can be accessed at the web link: <http://www.ratnamani.com/shareholders information.html>

## 22. CORPORATE GOVERNANCE REPORT

Your company is committed to good Corporate Governance and has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Regulation 27 of SEBI (LOADR) Regulations, 2015 are complied with. The details are given in **Annexure -"C"**.

The Board has framed Code of Conduct for all Board members and Senior Management of the Company and they have affirmed the compliance during the year under review.

The Board has also framed "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information". The Code casts obligations upon the Directors and Officers of the Company to prevent / preserve Price Sensitive Informations, which may likely to have a bearing on the share price of the Company. Those who are in the knowledge of any such information are prohibited to use such information for any personal purpose. Similarly, the Code also prescribes how such information needs to be handled, disclosed or made available to the Public through Stock Exchanges, Company's website, Press, Media, etc. The Company Secretary & Compliance Officer has been entrusted with the duties to ensure compliance.

The Board has received CEO/CFO Certification under Regulation 17(8) of SEBI (LOADR) Regulations, 2015.

As per SEBI (LOADR) Regulations, 2015, the Corporate Governance Report and the Secretarial Auditor's Certificate regarding compliance of conditions of Corporate Governance are attached and form part of the Annual Report.

## 23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report.

## 24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Policy may be accessed on the Company's website at the web link: [http://www.ratnamani.com/investors\\_relations.html](http://www.ratnamani.com/investors_relations.html)

The key philosophy of all CSR initiatives of the Company is guided by the Company's philosophy of giving back to the society as a responsible corporate citizen.

The Company has identified the following as focus areas of engagement:

- Education : Access to quality education, training and skill enhancement.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Rural Transformation : Provision of drinking water, sewage facilities, sanitation Facilities and roads
- Health : Affordable solutions for healthcare through improved access & awareness.
- The Company would also like to undertake need-based initiatives in future.

During the year, the Company has spent ₹230.59 Lacs on CSR activities. The details of CSR activities and expenses are given in **Annexure -"D"**.

## 25. EXTRACT OF ANNUAL RETURN

Extract of Annual Return in Form No. MGT-9 of the Company is annexed herewith as **Annexure- "E"** to this Report.

## 26. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures

pertaining to remuneration and other details are provided in **Annexure - "F"** to this Report.

## 27. SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the financial year ended 31st March, 2017 is annexed with the Directors' Report and forms part of the Annual Report as given in **Annexure-"G"**.

## 28. BUSINESS RESPONSIBILITY REPORT

Regulation 34(2)(f) of the SEBI (LOADR) Regulations, 2015 mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for top 500 listed entities based on market capitalisation. In compliance with this regulation, the Business Responsibility Report providing a detailed overview of initiatives taken by your Company from environmental, social and governance perspectives. The same is set out in a separate section included in this Annual Report and forms part of this Report.

## 29. DISCLOSURES:

### A. Vigil Mechanism

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Companies Act, 2013. Protected disclosures can be made by a whistle blower through an e-mail, a letter to the Chairman of the Audit Committee.

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the web link: [http://www.ratnamani.com/investors\\_relations.html](http://www.ratnamani.com/investors_relations.html)

### B. Related Party Transactions

The Company has framed a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is hosted on the Company's website at web link: [http://www.ratnamani.com/investors\\_relations.html](http://www.ratnamani.com/investors_relations.html)

All the related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key

Managerial Personnel or other designated persons that may have a potential conflict with the interest of the Company as per the Companies Act, 2013 and SEBI (LOADR) Regulations, 2015.

All Related Party Transactions have been placed before the Audit Committee and also before the Board for approval.

Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 with Section 188(2) of the Companies Act, 2013 is mentioned in the form AOC - 2, which is given in **Annexure - "H"**.

### C. Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013:

The Company is an equal opportunity company and has zero tolerance for sexual harassment at workplace. It has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

During the financial year 2016-17, there was no complaint of sexual harassment and hence no complaint remains pending as on 31<sup>st</sup> March, 2017.

### D. General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/instances on these items during the year under review:

- There has been no material change in the nature of business during the year under review.
- Issue of equity shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme.
- There were no events to report that has happened subsequent to the date of financial statements and the date of this report.

- d) Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- e) No significant or material orders were passed by the Regulators or Courts or Tribunals, which affect the going concern status and Company's operations in future.

#### **APPRECIATION**

Your Directors wish to place on record their gratitude for the valuable guidance and support rendered by the Government of India, various State Government departments, Banks and various stakeholders, such as shareholders, customers and suppliers, among others. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to the continued support of all stakeholders in future also.

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

**Place: Ahmedabad**  
**Date : 17<sup>th</sup> May, 2017**

**PRAKASH M. SANGHVI**  
**Chairman and Managing Director**  
**DIN: 00006354**

**ANNEXURE: A****ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014****(A) Conservation of Energy:**

The Company is constantly striving to have high degree of optimization, conservation of energy and absorption of technology. Major initiatives taken by the Company during the financial year 2016-17 are listed below:

**I. The steps taken or impact on conservation of Energy**

- i. Conventional light fittings have been replaced by energy efficient LED light fittings in plants.
- ii. Variable frequency drives have been installed in Hydraulic power pack to reduce energy consumption.
- iii. Inverter based air conditioners are used in place of conventional air conditioners.
- iv. Installation of 10 HP Vertical Multistage Water circulation pump in place of 20HP pump in Effluent Treatment Plant.

**II. The steps taken by the Company for utilising alternate sources of Energy**

Installation of Solar Power Plant (37 KW) at New Office Building to reduce the energy consumption by around 57,000 KWH/Year.

**III. The Capital Investment on Energy Conservation Equipments.**

The Company has made a capital investment of ₹ 22.21 lacs on Energy Conservation equipments

**B. Technology Absorption:****I. The efforts made towards technology absorption**

- i. For quality improvement of tubes, washing tanks were installed after sizing 2 stations of Tube Mills.
- ii. Indigenously developed hot air blowers were installed after the washing tanks to remove water vapour in the washed tubes.
- iii. Common centralised unit installed in place of the individual units at each DHDM machines.
- iv. New induction annealing system (Indian make) installed for effective annealing of Pipes.
- v. New Forming Press (Press Brake) installed which allows forming of plates very efficiently.
- vi. Automatic weld seam tracking system installed in ERW mill. ERW pipe internal bead visualization system developed and installed. Induction heating system instead of LPG heating system in coating plant installed.

**II. The Benefits derived like product improvement, cost reduction, product development or import substitution**

The above efforts have resulted in quality improvement, enhanced yields, higher throughput and reduction in manpower.

**III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

No expenditure has been incurred on imports of new technology during the last three financial years.

**IV. The expenditure incurred on Research and Development.**

NACE Lab development to meet the requirement of sour services.

### (C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

#### i. Export sales, activities, development initiatives and future plans:

The Company is exporting its products across the globe, mainly to countries like USA, UK, France, German, Italy, the Netherlands, Japan, South Korea, Middle East Countries etc. The Company is striving to increase its exports reach through various business initiatives. The Company keeps close watch on global developments with an aim to cater to global requirements to the maximum extent possible. The Company has its customers in more than 20 countries across the world.

#### ii. Total foreign exchange used and earned:

| Particulars                     | (₹ in Lacs)             |                          |
|---------------------------------|-------------------------|--------------------------|
|                                 | Current year<br>2016-17 | Previous year<br>2015-16 |
| Foreign Exchange Earnings (FOB) | 25545.53                | 18,631.07                |
| Foreign Exchange Outgo          | 507.86                  | 793.51                   |

For and on behalf of the Board of Directors

**PRAKASH M. SANGHVI**

Chairman and Managing Director

DIN: 00006354

Place: Ahmedabad

Date : 17<sup>th</sup> May, 2017

## ANNEXURE 'B'

### FORM AOC-1

#### Salient Features of Financial Statement of Subsidiary as per the Companies Act, 2013

| Sr.No                  | 1                  |               | 1                  |               |
|------------------------|--------------------|---------------|--------------------|---------------|
| Name of subsidiary     | Ratnamani Inc.,USA |               | Ratnamani Inc.,USA |               |
| Reporting period       | 2016-17            |               | 2015-16            |               |
| Reporting currency     | USD                | INR (₹ /Lacs) | USD                | INR (₹ /Lacs) |
| Exchange Rate          | 1 USD = Rs. 64.10  |               | 1 USD = Rs. 65.92  |               |
| Share capital          | 10,000.00          | 6.08          | 10,000.00          | 6.08          |
| Reserves & surplus     | 1,30,615.93        | 84.05         | 166,745.95         | 110.43        |
| Total Assets           | 1,45,790.93        | 93.45         | 1,544,287.27       | 1,017.99      |
| Total Liabilities      | 5,175.00           | 3.32          | 13,67,541.32       | 901.48        |
| Investments            | -                  | -             | -                  | -             |
| Turnover               | 9,64,907.63        | 640.64        | 33,41,756.11       | 2,175.29      |
| Profit before taxation | -36,130.02         | -23.98        | 13,646.22          | 8.89          |
| Provision for taxation | 0.00               | 0.00          | 2,400.00           | 1.56          |
| Profit after taxation  | -36,130.02         | -23.98        | 11,246.22          | 7.33          |
| Proposed Dividend      | -                  | -             | -                  | -             |
| % of Shareholding      | 100%               |               | 100%               |               |

#### Note

- 1) The Company has no Joint venture/Associates Companies.
- 2) None of the subsidiaries have been liquidated or sold during FY 2016-17 and 2015-16.

As per our report of even date

#### For Mehta Lodha & Co.

Chartered Accountants

ICAI Firm Registration No: 106250W

per **PRAKASH D. SHAH**

Partner

Membership No. 34363

#### For S R B C & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

per **ARPIT K. PATEL**

Partner

Membership No. 34032

#### For Ratnamani Metals & Tubes Limited

**P. M. SANGHVI**

Chairman and  
Managing Director

**S. M. SANGHVI**

Whole Time Director

**DR. V. M. AGRAWAL**

Director

**NIDHI GADHECHA**

Director

**VIMAL KATTA**

Chief Financial Officer

Place : Ahmedabad

Date : 17th May, 2017

**J. M. SANGHVI**

Whole Time  
Director

**D. C. ANJARIA**

Director

**P. M. MEHTA**

Director

**JIGAR SHAH**

Company Secretary

Place : Ahmedabad

Date : 17th May, 2017

## **ANNEXURE 'C'**

### **CORPORATE GOVERNANCE REPORT**

#### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance aims at assisting the management of the Company in the efficient conduct of the business and in meeting its responsibilities to all the Stakeholders. The Company always strives to achieve optimum performance at all levels by adhering to good Corporate Governance practices by fair and transparent business practices, effective management control, adequate representation of Promoters and Independent Directors on the Board, Compliance of various laws. Further, it has been strengthened through the Model Code of Conduct for the Directors / Designated Employees of the Company for prevention of Insider Trading and it has also been amended from time to time in line with the amended Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations in this regard.

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (LOADR) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

#### **1) BOARD OF DIRECTORS**

The business of the Company is conducted under the directions of the Board. The Board formulates strategies, regularly reviews the performance of the Company and ensures that the projected targets and agreed objectives are met on a consistent basis. The Board has constituted various committees, which guide the matters delegated to them in accordance with their terms of reference. The Executive Directors/Senior Managerial Personnel/Functional Heads assist the Chairman and Managing Director and the Senior Managerial Personnel/Functional Heads assist to the Executive Directors in overseeing the functional matters of the Company.

##### **Composition of the Board**

The Board of Directors of your company consists of balanced mix of Executive and Non-Executive Directors which meets the requirement of the Corporate Governance as stipulated under Regulation 17 of SEBI (LOADR) Regulations, 2015. Your company immensely benefits from the professional expertise of the Independent Directors in their individual capacity as Professionals and also from Business Executives and through their valuable experience.

The Executive Chairman heads the Board of Directors. The total strength of the Board of Directors of the Company is 7 (Seven) as on 31<sup>st</sup> March 2017 comprising 3 Executive Directors and 4 Non-Executive Directors including a Women Director.

The details of composition of the Board as at 31<sup>st</sup> March 2017 and other information are given herein below:

| Category                  | Name of the Director(s)     | Position held                | No. of Directorships in listed entities including Co. | Memberships/ Chairmanships of Committee |               | No. of Equity Shares held as on 31 <sup>st</sup> March 2017 |
|---------------------------|-----------------------------|------------------------------|-------------------------------------------------------|-----------------------------------------|---------------|-------------------------------------------------------------|
|                           |                             |                              |                                                       | Member ship                             | Chairman ship |                                                             |
| Promoter Executive        | Shri Prakash M. Sanghvi     | Chairman & Managing Director | 1                                                     | 0                                       | 0             | 54,26,690                                                   |
|                           | Shri Jayanti M. Sanghvi     | Whole-time Director          | 1                                                     | 2                                       | 0             | 38,61,195                                                   |
|                           | Shri Shanti M. Sanghvi      | Whole-time Director          | 1                                                     | 0                                       | 0             | 18,16,995                                                   |
| Independent Non-Executive | Shri Divyabhash C. Anjaria  | Independent Director         | 2                                                     | 3                                       | 3             | 22,165                                                      |
|                           | Dr. V. M. Agrawal           | Independent Director         | 1                                                     | 2                                       | 0             | 27,500                                                      |
|                           | Shri Pravinchandra M. Mehta | Independent Director         | 1                                                     | 0                                       | 0             | 8,500                                                       |
|                           | Smt. Nidhi G. Gadhecha      | Independent Women Director   | 1                                                     | 1                                       | 0             | Nil                                                         |

**Notes:**

1. Shri Prakash M. Sanghvi, Shri Jayanti M. Sanghvi and Shri Shanti M. Sanghvi are brothers and related to each other.
2. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than five Committees (as specified in Regulation 26 (1) of SEBI (LOADR) Regulations, 2015) across all the Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

**Directors' Attendance Records for the financial year ended on 31<sup>st</sup> March 2017**

| Sr. No. | Name of Director(s)         | No. of Board Meetings held During the period when Director was on the Board | No. of Board Meetings attended | Presence at the last A.G.M. |
|---------|-----------------------------|-----------------------------------------------------------------------------|--------------------------------|-----------------------------|
| 1       | Shri Prakash M. Sanghvi     | 4                                                                           | 3                              | Yes                         |
| 2       | Shri Jayanti M. Sanghvi     | 4                                                                           | 3                              | Yes                         |
| 3       | Shri Shanti M. Sanghvi      | 4                                                                           | 3                              | Yes                         |
| 4       | Shri Divyabhash C. Anjaria  | 4                                                                           | 4                              | Yes                         |
| 5       | Shri Pravinchandra M. Mehta | 4                                                                           | 3                              | Yes                         |
| 6       | Dr. Vinodkumar M. Agrawal   | 4                                                                           | 4                              | Yes                         |
| 7       | Smt. Nidhi G. Gadhecha      | 4                                                                           | 4                              | Yes                         |

During the Financial Year 2016-17, four Board Meetings were held on 18<sup>th</sup> May, 2016, 27<sup>th</sup> August, 2016, 30<sup>th</sup> November, 2016 and 8<sup>th</sup> February 2017 including one meeting through video conferencing.

**INDEPENDENT DIRECTORS' MEETING**

During the year under review, the Independent Directors met on 18<sup>th</sup> May, 2016, inter alia, to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

#### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

An appointment letter is issued to a newly appointed Independent Director containing the terms of appointment, duties and responsibilities. A newly appointed Independent Director is taken through a formal familiarisation program including the corporate presentations, corporate film, details about the products of the Company, the user market, raw material suppliers, key risks, strengths of the Company, etc. The Company periodically arranges presentation on new developments in the law by outside experts, on their roles, rights and responsibilities towards the Company. The quarterly financial details are also accompanied with various analytical reports so as to help the directors understand the performance in a better way. The same may be accessed on the Company's website at the web link at <http://www.ratnamani.com/investorsrelations.html>.

#### **EVALUATION OF THE BOARD'S PERFORMANCE:**

As required, a formal mechanism for evaluating performance of the Board and that of its Committees and individual Directors, including the Chairman of the Board has been set in place by the Board.

The performance evaluation is based on performance of the Company, including financial, vis. a vis. the market conditions, its peers, global market conditions, its installed capacities, etc. It also covers compliance of various statutes, regulations, rules, etc. and the technological up gradations.

Performance of individual Directors has been evaluated considering their attendance, participation in the discussions, contribution at the meetings and otherwise, guiding the management on the CAPEX and other budgetary proposals, risk management, independent judgment, safeguarding of interest of all the stakeholders, etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors. The criteria for evaluation of Independent Directors are their knowledge, expertise in their fields, benefit in important decision making in the Board and Committee Meeting. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

#### **Board Meetings, Board Committee Meetings and Procedures**

The Board meets at least once in a quarter with a gap between two meetings not exceeding one hundred and twenty days. Additional meetings of the Board are held when deemed necessary to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation in Board Meeting as well as Committee Meetings. The meetings are usually held at the Company's offices.

The Agenda and the papers for consideration at the Board Meeting are circulated to the Directors in advance. Adequate information is circulated as part of the Board papers and is made available at the Board Meeting to enable the Members of the Board to take vital decisions. Senior Executives are invited to attend the Board Meetings as and when required. The Company is also providing video conferencing facility to the respective Director on his request in advance.

The information as required under Regulation 36 (3) of the SEBI (LOADR) Regulations, 2015 is being made available to the Shareholders.

The Company ensures compliance of various statutory requirements by all its business divisions and obtains quarterly reports in the form of certificates from the heads of the business divisions. These certificates are placed before the Board on quarterly basis.

Other provisions as to Board and Committees were compiled with during the year under review.

## **2) BOARD COMMITTEES**

The Board Committees play a vital role in strengthening the Corporate Governance practices and focus effectively on the issues and ensures expedient resolution of the diverse matters. The Committees also make specific

recommendations to the Board on various matters when required. All observations, recommendations and decisions of the committees are placed before the Board for information and/or for approval.

The Company has at present following committees namely:

- i) Audit Committee
- ii) Nomination and Remuneration Committee
- iii) Stakeholders Relationship Committee
- iv) Corporate Social Responsibility Committee
- v) Risk Management Committee
- vi) Sub-committee for Borrowings
- vii) Project Review Committee
- viii) Management Committee

## 2.1. Audit Committee

### Composition

The Audit Committee comprises of Three Non-Executive Independent Directors who are eminent professionals and one Executive Director.

The members of the Audit Committee comprise of Shri Divyabhash C. Anjaria, an ex-banker and financial expert, who is the Chairman of the Committee, Dr. V. M. Agrawal, an eminent professional, Smt. Nidhi G Gadhecha, a Chartered Accountant and Shri Jayanti M. Sanghvi, Whole-time Director.

The Audit Committee Meetings were also attended by the representatives of the Joint Statutory Auditors, Internal Auditors and Chief Financial Officer of the Company.

The Company Secretary acts as the Secretary to the Committee.

### Meetings and Attendance

During the year, five meetings of the Audit Committee were held on 29<sup>th</sup> April, 2016, 17<sup>th</sup> May, 2016, 26<sup>th</sup> August, 2016, 29<sup>th</sup> November, 2016 and 7<sup>th</sup> February, 2017 including one meeting through video conferencing. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 27<sup>th</sup> August, 2016.

The following table summarises the attendance of the Committee members:

| Name of the Director       | Category                  | Status   | No. of Meetings held | No. of Meetings attended |
|----------------------------|---------------------------|----------|----------------------|--------------------------|
| Shri Divyabhash C. Anjaria | Independent Non-Executive | Chairman | 5                    | 5                        |
| Dr. Vinod M. Agrawal       | Independent Non-Executive | Member   | 5                    | 5                        |
| Smt. Nidhi G. Gadhecha     | Independent Non-Executive | Member   | 5                    | 5                        |
| Shri Jayanti M. Sanghvi    | Promoter Executive        | Member   | 5                    | 4                        |

Overall Attendance: 95%

The Audit Committee meetings during the year were held as per SEBI (LOADR) Regulations, 2015. Minutes of each Audit Committee Meeting are placed and discussed in the meeting of the Board of Directors.

### Terms of reference

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's Internal Control and Financial Reporting Process. The terms of reference of the Audit Committee are in accordance with all the items listed as per Regulation 18 of SEBI (LOADR) Regulations, 2015 and it inter-alia performs the following functions.

- A. Oversight of financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- B. Recommending for appointment, remuneration and terms of appointment of auditors of the company.
- C. Approval of payment to statutory auditors for any other service rendered by them.
- D. Examination of the annual financial statements and the auditors' report thereon.
- E. Reviewing the quarterly financial statements of the Company.
- F. Management discussion and analysis of financial conditions and results of operation.
- G. Internal audit report or statutory auditor's report.
- H. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- I. Approval or any subsequent modification of transactions of the company with related parties.
- J. Scrutiny of inter-corporate loans and investments.
- K. Valuation of undertakings or assets of the company, wherever it is necessary.
- L. Evaluation of internal financial controls and risk management systems.
- M. Reviewing statutory and internal auditor's performance and adequacy of the internal control system.
- N. Reviewing the adequacy of internal audit function including structure of the internal audit department, staffing, reporting structure coverage and frequency of internal audit.
- O. Reviewing finding of any internal investigations by the internal auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting matter to the Board.
- P. Review the functioning of the whistle blower mechanism.

### Powers

The Audit Committee has the following Powers:

- i. To investigate any activity within its terms of reference.
- ii. To seek any information from any employee.
- iii. To obtain outside legal and professional advice.
- iv. To secure attendance of outsiders with relevant expertise, if it considers it necessary.

## 2.2. Nomination and Remuneration Committee

### Composition

Pursuant to the Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LOADR) Regulations, 2015, the Nomination and Remuneration Committee comprises of following three Independent Non-Executive Directors, namely Shri Divyabhash C. Anjaria, an ex-banker and financial expert is the Chairman of the Committee, Dr. Vinod M. Agrawal and Shri Pravinchandra M. Mehta eminent professionals are member of the Committee.

## Meetings and Attendance

The meeting of the Nomination and Remuneration Committee was held on 18<sup>th</sup> May, 2016. The Chairman of the Committee has also attended the last Annual General Meeting of the Company.

| Name of Director(s) | Category                  | Status   | No. of Meetings held | No. of Meetings Attended |
|---------------------|---------------------------|----------|----------------------|--------------------------|
| Shri D. C. Anjaria  | Independent Non-Executive | Chairman | 1                    | 1                        |
| Dr. V. M. Agrawal   | Independent Non-Executive | Member   | 1                    | 1                        |
| Shri P. M. Mehta    | Independent Non-Executive | Member   | 1                    | 1                        |

Overall attendance: 100%

The Company Secretary acts as the Secretary to the Committee.

### Terms of reference:

The terms of reference of the Committee inter alia, include the following:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director and to decide to extend or continue the term of appointment of the Independent director on the basis of the report of performance evaluation and to recommend to the board of directors a policy relating to the remuneration of the directors and KMP and other employees.
2. To evaluate of performance of Independent directors and the Board of Directors.
3. To devise a policy on diversity of Board of Directors.
4. To identify persons who are qualified to become Directors, as and when so required, and who may be appointed in senior management in accordance with the criteria laid down by the Committee.
5. To consider and recommend to the Board removal of directors, other persons in Senior management and key managerial personnel (KMP).
6. To review HR Policies and Initiatives.

### Remuneration of Directors / Key Managerial Personnel / Senior Management/ other Employees

1. To evolve the principles, criteria and basis of Remuneration Policy and recommend to the Board a policy relating to the remuneration for all the Directors, KMPs, Senior Management and other employees of the Company and to review the same from time to time.

The Remuneration Policy of Key Managerial Personnel and other employee are as under:

#### i) Fixed pay:

- a) Basic salary
- b) Allowances
- c) Perquisites
- d) Retirement benefits

#### ii) Variable pay (applicable to Executive Directors)

##### Factors for determining and changing fixed pay:

- i) Existing compensation
- ii) Educational Qualifications
- iii) Experience
- iv) Salary structure for the position
- v) Performance
- vi) Compensation ruling in the market in similar industries for similar positions

#### Factors for determining variable pay:

- i) Company performance
  - ii) Individual's performance
2. Non-Executive Directors are entitled to sitting fees for attending the meetings of the Board and certain Committees thereof. The Company also reimburses out of pocket expenses to Non-Executive Directors for attending the meetings.

#### a. Details of Remuneration / Sitting fees of Directors

The details of Remunerations / Sitting fees paid to Executive and Non-Executive Directors for the financial year 2016-17 are as under:

(₹ in Lacs)

| Name of Director            | Salary | Commission | Perquisites | Retirement Benefits | Assignment of Key Man Insurance Policy | Sitting Fees | Total  |
|-----------------------------|--------|------------|-------------|---------------------|----------------------------------------|--------------|--------|
| Shri Prakash M. Sanghvi     | 137.00 | 725.00     | 0.39        | 16.44               | -                                      | -            | 878.83 |
| Shri Jayanti M. Sanghvi     | 95.20  | 435.00     | 1.65        | 20.94               | -                                      | -            | 552.79 |
| Shri Shanti M. Sanghvi      | 80.30  | 290.00     | -           | 17.67               | -                                      | -            | 387.97 |
| Shri Divyabhash C. Anjaria  | -      | -          | -           | -                   | -                                      | 2.04         | 2.04   |
| Shri Pravinchandra M. Mehta | -      | -          | -           | -                   | -                                      | 1.36         | 1.36   |
| Dr. Vinod M. Agrawal        | -      | -          | -           | -                   | -                                      | 2.04         | 2.04   |
| Smt. Nidhi G. Gadhecha      | -      | -          | -           | -                   | -                                      | 1.70         | 1.70   |

The other details of the service contract of Executive Directors are as follows:

| Terms of Agreement                                | Shri Prakash M. Sanghvi                                                                                                                                                                                                                                                                     | Shri Jayanti M. Sanghvi        | Shri Shanti M. Sanghvi         |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Period of Appointment                             | 5 Years                                                                                                                                                                                                                                                                                     | 5 Years                        | 5 Years                        |
| Date of Appointment                               | 1 <sup>st</sup> November, 2013                                                                                                                                                                                                                                                              | 1 <sup>st</sup> November, 2013 | 1 <sup>st</sup> November, 2013 |
| Shareholders' approval in the AGM held on         | 12 <sup>th</sup> August, 2013                                                                                                                                                                                                                                                               | 12 <sup>th</sup> August, 2013  | 12 <sup>th</sup> August, 2013  |
| Notice Period for the termination of the Contract | The services of all the three Executive Directors are contractual and for a term of five years. For any termination of Service Contract, the Company or the Executive Director is required to give a notice of three Months or pay three month's salary in lieu thereof to the other party. |                                |                                |

The Non-Executive Directors were paid Sitting Fees of ₹ 17,000/- w.e.f. 25<sup>th</sup> June, 2013 for each Board Meeting and for certain Committee Meetings attended during the year 2016-17.

### 2.3. Stakeholders Relationship Committee

#### Composition and terms of reference

The Stakeholder Relationship Committee has been constituted as per the Companies Act, 2013 and Regulation 20 of SEBI (LOADR) REGULATIONS, 2015 and is entrusted with the responsibility of addressing the shareholders / Investors complaints with respect to transfer of shares, Non-receipt of Annual Report, Non-receipt of dividend etc.

One meeting of the Stakeholders Relationship Committee was held on 29<sup>th</sup> November, 2016. The Committee also recommends steps to be taken for quality services to the investors. The composition of the said Committee and details of meeting are as under:

| Name of Director(s)        | Category                  | Status   | No. of Meetings held | No. of Meetings Attended |
|----------------------------|---------------------------|----------|----------------------|--------------------------|
| Shri Divyabhash C. Anjaria | Independent Non-Executive | Chairman | 1                    | 1                        |
| Dr. Vinod M. Agrawal       | Independent Non-Executive | Member   | 1                    | 1                        |
| Shri Jayanti M. Sanghvi    | Promoter Executive        | Member   | 1                    | 0                        |

The Company Secretary acts as the Secretary to the Committee.

#### Investor Complaints

The particulars of Investors' complaints received and redressed during the financial year are furnished below:

| Sr. No | Nature of Complaints                                      | Opening Balance as on 1 <sup>st</sup> April, 2016 | Received during the Year | Redressed/ Attended during the year | Pending as on 31 <sup>st</sup> March, 2017 |
|--------|-----------------------------------------------------------|---------------------------------------------------|--------------------------|-------------------------------------|--------------------------------------------|
| 1      | Non-receipt of share certificate after transfer of Shares | Nil                                               | Nil                      | Nil                                 | Nil                                        |
| 2      | Non-receipt of Dividend Warrants                          | Nil                                               | 2                        | 2                                   | Nil                                        |
| 3      | Non receipt of Annual Reports                             | Nil                                               | 1                        | 1                                   | Nil                                        |
| 4      | <b>Others :</b>                                           |                                                   |                          |                                     |                                            |
|        | a) Query regarding Demat Credit                           | Nil                                               | Nil                      | Nil                                 | Nil                                        |
|        | b) Non-receipt of duplicate share certificate after issue | Nil                                               | Nil                      | Nil                                 | Nil                                        |
|        | c) Non-Exchange of New shares                             | Nil                                               | Nil                      | Nil                                 | Nil                                        |
| Total  |                                                           | Nil                                               | 3                        | 3                                   | Nil                                        |

At present entire activities related to share transfers, transmission, exchange of shares, etc. handled by Registrar and Transfer Agent, a SEBI authorized Registrar, which also provides electronic connectivity with NSDL and CDSL to carry out such assigned work.

The Company obtains half-yearly certificate from a Company Secretary in Practice confirming the issue of certificates for transfer, sub-division, consolidation etc. and submits a copy thereof to the Stock Exchanges in terms of Regulation 40(9) of the Listing Regulations. Further, the Compliance Certificate under Regulation 7(3) of the Listing Regulations, confirming that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Share Transfer Agent is also submitted to the Stock Exchanges on a half yearly basis.

### 2.4 Corporate Social Responsibility Committee

#### Composition & Terms of reference

The Corporate Social Responsibility Committee has been constituted as per the Companies Act, 2013. The committee formulates, reviews and recommends the amount of expenditure to be incurred on CSR activities

and regularly monitors CSR activities to accomplish the objectives of implementation of CSR policy. The CSR Committee comprises of three Directors. Two Directors are executive and one is an Independent Director of the Company. Shri Pravinchandra M. Mehta, Independent and Non-Executive Director is the Chairman, Shri Prakash M. Sanghvi and Shri Jayanti M. Sanghvi are the members of the Committee.

#### Meetings and Attendance

During the year, 2 (two) Meetings were convened and held on 27<sup>th</sup> August, 2016 and 8<sup>th</sup> February, 2017. All the members were present in the above meetings.

The Company Secretary acts as the Secretary to the Committee.

### 2.5 Risk Management Committee

#### Composition and terms of reference

The Company has constituted the Risk Management Committee on 10<sup>th</sup> November, 2011. It is non-mandatory requirement as per Regulation 21 of SEBI (LOADR) Regulations, 2015. However, as a part of better corporate governance, the Company has formed the Risk Management Committee to frame and supervise risk management policies of the Company and also to review various risks being faced by the company and to formulate the mitigation plans thereof from time to time.

#### Composition, Meetings and attendance

The Risk Management Committee comprises of Shri Divyabhash C. Anjaria, Independent Non-Executive Director (Chairman) and Shri Prakash M. Sanghvi, Chairman and Managing Director (Member). During the year under review, no Meeting was held.

The Company Secretary acts as the Secretary to the Committee.

### 3) GENERAL BODY MEETINGS

#### A. Annual General Meeting:

The details of date and time of the Annual General Meetings (AGMs) of the Company held during the preceding three years held at "The Ahmedabad Textile Mills Association Hall, Ashram Road, Ahmedabad" and the Special Resolutions passed there are as under:

| AGM              | Financial Year | Date                             | Time       | Special Resolutions Passed |
|------------------|----------------|----------------------------------|------------|----------------------------|
| 30 <sup>th</sup> | 2013-14        | 11 <sup>th</sup> September 2014  | 10.00 a.m. | 5*                         |
| 31 <sup>st</sup> | 2014-15        | 23 <sup>rd</sup> September, 2015 | 10.00 a.m. | NIL                        |
| 32 <sup>nd</sup> | 2015-16        | 27 <sup>th</sup> August, 2016    | 10.00 a.m. | 1*                         |

\* Special resolutions indicated above were passed through E-voting

#### B. Postal Ballot

No Special resolutions were passed through Postal Ballot during the financial year 2016-17.

### 4) DISCLOSURES

#### 4.1 Related party transactions

Full disclosure of related party transactions as per Indian Accounting Standard - 24 issued by the Institute of Chartered Accountants of India is given under Note No. 30 of Notes to Financial Statements. The Company has formed Related Party Transaction Policy and the same is hosted on the website of the Company.

#### 4.2 Accounting Treatment

Financial Statements for the year under review were prepared in accordance with the Indian Accounting Standards and there is no deviation, nor any alternative treatment given.

### 4.3 Risk Management

The Company regularly reviews the risks and takes corrective actions for managing/mitigating the same. The internal control system provides support for risk management of the Company. The Board has approved Corporate Financial Risk Management Policy and the same is being evaluated on quarterly basis.

### 4.4 Strictures / Penalties

The Company has complied with all the requirements of the Stock Exchange(s) and the SEBI on matters related to Capital Markets. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

### 4.5 Statutory Registers

All the statutory registers that are required to be maintained, particularly Registers of contracts in which Directors have interests, Registers of Directors Shareholding, Register of Investments etc. are maintained and regularly updated.

### 4.6 Whistle Blower Policy / Vigil Mechanism

The Company has established a Whistle Blower Policy / Vigil Mechanism.

#### Compliance with Non Mandatory requirements

### 4.7 Shareholders Rights

Quarterly Financial Results including Press Release of relevant period of three months are being published in the newspaper and hosted on the website of Stock Exchanges as well as on the Company's website.

### 4.8 Training of Board Members

There is no formal policy at present for training the Board Members of the Company, as the members on our Board are Professionals / Business Executives / Eminent / Experienced Professional persons. However, for orientation and to get familiar with the Company's business operation and practices, Directors visit all the three divisions periodically at the plant sites of the Company. Besides, detailed representations are periodically made to the Board Members on the business model of the Company. The Directors endeavor to keep themselves updated with changes in economy and legislation.

### 4.9 Audit qualifications

There are no qualifications in the Auditors' Report on the Financial Statements of the Company for the F.Y. 2016-17.

### 4.10 Reporting of Internal Auditors

The Internal Auditors M/s. G. K. Choksi & Co., Chartered Accountants, directly report to the Audit Committee.

### 4.11 Compliance of Regulation 26(6) of Listing Regulations

In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s) and Promoter(s) of the Company have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

### 4.12 Compliance of Regulation 17 to 27 and 46 of Listing Regulations

The Company has complied with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.

## 5) CERTIFICATION

The Board has received MD & CFO Certification under Clause 17(1) of SEBI (LOADR) Regulations, 2015 and the same was placed before the Board of Directors of the Company.

## 6) MEANS OF COMMUNICATIONS

The quarterly, half-yearly and annual financial results of the company are sent to the stock exchanges immediately after these are approved by the Board. These are widely published in the Economic Times (Gujarati) / Economic Times (English) etc.

The results are simultaneously posted on the Company's website at [www.ratnamani.com](http://www.ratnamani.com). Other communications are as under:

| News Releases                                        | Official press releases are sent to stock exchanges as well as displayed on the Company's website.                                                              |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NSE Electronic Application Processing System (NEAPS) | The listing compliances are also filed electronically on NEAPS.                                                                                                 |
| BSE Corporate Compliance & Listing Centre            | The listing compliances are also filed electronically on BSE Corporate Compliance & Listing Centre.                                                             |
| Annual Report                                        | Annual Report is circulated to the members and all others like Auditors, equity analysts, etc.                                                                  |
| Management Discussion & Analysis                     | This forms a part of the Annual Report, which is mailed to the shareholders of the Company.                                                                     |
| Business Responsibility Report                       | This forms a part of the Annual Report, which is mailed to the shareholders of the Company.                                                                     |
| Investor Services                                    | The Company has designated an exclusive e-mail id viz. <a href="mailto:investor@ratnamani.com">investor@ratnamani.com</a> for investor services and grievances. |

## 1) GENERAL SHAREHOLDERS INFORMATION

### A. Tentative Financial Calendar for the Financial Year 2017-18

Financial Year : 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018.

#### Financial Results

First Quarter ended on 30<sup>th</sup> June, 2017 : Second week of August 2017

Half year ended on 30<sup>th</sup> September, 2017 : Second week of November 2017

Third Quarter ended on 31<sup>st</sup> December, 2017 : Second week of February, 2018

Fourth Quarter ended on 31<sup>st</sup> March, 2018 : Last week of May 2018

AGM for the year 2017-18 : August / September 2018

### B. Listing on Stock Exchanges

The Company's shares are listed and traded on BSE Ltd. as well as National Stock Exchange of India Ltd having the following address:

| BSE Ltd. (BSE)                                            | National Stock Exchange of India Ltd. (NSE)                           |
|-----------------------------------------------------------|-----------------------------------------------------------------------|
| Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 | Exchange Plaza, Bandra – Kurla Complex, Bandra East, Mumbai – 400 051 |

### C. Listing Fees to Stock Exchanges

The Company has paid the Listing Fees for the year 2017-18 to the above stock Exchanges.

### D. Stock Code / Symbol

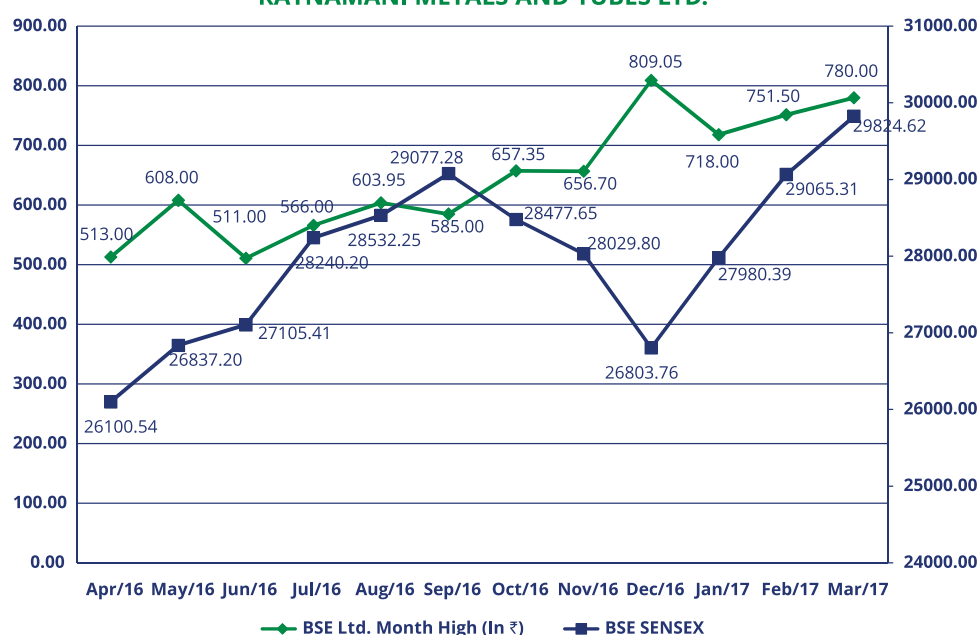
| Stock Exchanges                             | Scrip Code   |
|---------------------------------------------|--------------|
| BSE Ltd (BSE)                               | 520111       |
| National Stock Exchange of India Ltd. (NSE) | RATNAMANI    |
| ISIN                                        | INE703B01027 |

## E. Market Price Data

Performance in comparison to broad-based indices viz. BSE Sensex

| Month    | Share price BSE |         | BSE Sensex |          | BSE Volumes (No. of Shares) | Share price NSE |         | NSE (NIFTY) |         | NSE Volumes (No. of Shares) |
|----------|-----------------|---------|------------|----------|-----------------------------|-----------------|---------|-------------|---------|-----------------------------|
|          | High (₹)        | Low (₹) | High       | Low      |                             | High (₹)        | Low (₹) | High        | Low     |                             |
| April-16 | 513.00          | 445.10  | 26100.54   | 24523.20 | 11,171                      | 504.00          | 445.00  | 7992.00     | 7516.85 | 52,177                      |
| May-16   | 608.00          | 475.00  | 26837.20   | 25057.93 | 31,533                      | 610.00          | 469.40  | 8213.60     | 7678.35 | 1,41,770                    |
| June-16  | 511.00          | 479.05  | 27105.41   | 25911.33 | 16,134                      | 513.95          | 475.50  | 8308.15     | 7927.05 | 54,452                      |
| July-16  | 566.00          | 492.55  | 28240.20   | 27034.14 | 89,379                      | 569.00          | 490.00  | 8674.70     | 8287.55 | 2,30,638                    |
| Aug-16   | 603.95          | 511.95  | 28532.25   | 27627.97 | 10,25,833                   | 609.80          | 512.20  | 8819.20     | 8518.15 | 5,98,560                    |
| Sept-16  | 585.00          | 535.00  | 29077.28   | 27716.78 | 38,748                      | 585.80          | 536.05  | 8968.70     | 8555.20 | 1,14,704                    |
| Oct-16   | 657.35          | 545.00  | 28477.65   | 27488.30 | 1,00,637                    | 657.50          | 543.10  | 8806.95     | 8506.15 | 5,49,323                    |
| Nov-16   | 656.70          | 558.05  | 28029.80   | 25717.93 | 36,241                      | 657.80          | 552.00  | 8669.60     | 7916.40 | 1,69,767                    |
| Dec-16   | 809.05          | 551.25  | 26803.76   | 25753.74 | 7,56,316                    | 809.95          | 555.15  | 8274.95     | 7893.80 | 25,40,842                   |
| Jan-17   | 718.00          | 651.05  | 27980.39   | 26447.06 | 86,891                      | 717.70          | 652.00  | 8672.70     | 8133.80 | 3,13,869                    |
| Feb-17   | 751.50          | 660.00  | 29065.31   | 27590.10 | 94,535                      | 750.80          | 655.15  | 8982.15     | 8537.50 | 3,85,502                    |
| Mar-17   | 780.00          | 690.00  | 29824.62   | 28716.21 | 83,497                      | 778.45          | 687.10  | 9218.40     | 8860.10 | 4,68,805                    |

### RATNAMANI METALS AND TUBES LTD.



## F. Registrar & Share Transfer Agents (RTA)

M/s. Link Intime India Private Limited as a Registrar and Transfer Agent of the Company.

## G. Share Transfer System

In compliance with SEBI guidelines, M/s. Link Intime India Private Limited as its Registrar & Transfer Agent for Physical and Electronic form of shareholding. All the shareholders of the Company are therefore requested to correspond directly with them on the matters related to transfer and transmission of shares, demat / remate of the shares. Their address for correspondence is mentioned in sub point 'Q' given herein after. In view of the above, the work for transfer of shares in physical form is also being carried out at the above address.

#### H. Demat Suspense Account / Unclaimed Suspense Account / IEPF Suspense Account

There are no shares lying with demat suspense account or unclaimed suspense account.

#### I. Distribution of Shareholdings as on 31st March, 2017

| No. of Equity Shares | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|----------------------|---------------------|-------------------|--------------------|-------------------|
| 1 to 500             | 8,075               | 86.1241           | 9,87,048           | 2.1123            |
| 501 to 1000          | 677                 | 7.2206            | 5,24,255           | 1.1219            |
| 1001 to 2000         | 272                 | 2.9010            | 4,02,674           | 0.8617            |
| 2001 to 3000         | 96                  | 1.0239            | 2,37,498           | 0.5083            |
| 3001 to 4000         | 48                  | 0.5119            | 1,65,456           | 0.3541            |
| 4001 to 5000         | 30                  | 0.3200            | 1,39,082           | 0.2976            |
| 5001 to 10000        | 49                  | 0.5226            | 3,66,645           | 0.7846            |
| 10001 & Above        | 129                 | 1.3759            | 4,39,05,342        | 93.9594           |
| <b>Total</b>         | <b>9,376</b>        | <b>100.00</b>     | <b>4,67,28,000</b> | <b>100.00</b>     |

#### Category wise Shareholders as on 31st March, 2017

| Category                       | No. of Shares      | % of Shareholding |
|--------------------------------|--------------------|-------------------|
| Indian Promoters and Group     | 2,80,90,713        | 60.1154           |
| Mutual Fund                    | 20,04,935          | 4.2907            |
| Clearing Members               | 36,165             | 0.0774            |
| Other Bodies Corporate         | 8,82,438           | 1.8885            |
| Financial Institutions         | 10,186             | 0.0218            |
| Foreign Inst. Investor         | 55,30,992          | 11.8366           |
| Hindu Undivided Family         | 94,044             | 0.2013            |
| Nationalised Banks             | 330                | 0.0007            |
| Non Nationalised Banks         | 1,565              | 0.0033            |
| Non Resident Indians           | 2,72,885           | 0.5840            |
| Non Resident (Non Repatriable) | 1,32,651           | 0.2839            |
| Public                         | 82,26,962          | 17.6061           |
| Foreign Portfolio Investors    | 14,44,134          | 3.0905            |
| <b>Total</b>                   | <b>4,67,28,000</b> | <b>100.00</b>     |

#### J. Dematerialization of Shares and liquidity

The Equity Shares of the Company are traded compulsorily in the dematerialized form by all the investors w.e.f 26/03/2001. The Company has entered into an agreement with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) whereby the shareholders have an option to dematerialize their shares with either of the depository.

The Demat ISIN No. for both NSDL and CDSL for the Company's Equity Shares is INE703B01027.

**Status of Dematerialization and Physical of the Company's Equity Shares as on 31st March, 2017 is as under:**

| Particulars                                 | No. of shares<br>as on 31 <sup>st</sup> March,<br>2017 | % of Total<br>Capital as on 31 <sup>st</sup><br>March, 2017 | No. of Shareholders<br>as on 31 <sup>st</sup> March,<br>2017 |
|---------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|
| A. National Securities Depository Ltd.      | 3,84,98,442                                            | 82.39                                                       | 5,253                                                        |
| B. Central Depository Services (India) Ltd. | 74,33,212                                              | 15.91                                                       | 2,544                                                        |
| 1. Total Dematerialized shares              | 4,59,31,654                                            | 98.30                                                       | 7,797                                                        |
| 2. Physical                                 | 7,96,346                                               | 1.70                                                        | 1,579                                                        |
| <b>Total</b>                                | <b>4,67,28,000</b>                                     | <b>100.00</b>                                               | <b>9,376</b>                                                 |

**K. Corporate Benefits to Shareholders:**

**a. Dividend declared for the last seven years**

| Financial Year      | Dividend Declaration Date        | Dividend Per Equity Share (in Rs.) | Dividend Rate (%) | Face Value Per Equity Share (₹) |
|---------------------|----------------------------------|------------------------------------|-------------------|---------------------------------|
| 2015-2016 (Interim) | 12 <sup>th</sup> March, 2016     | 5.50                               | 275               | 2.00                            |
| 2014-2015           | 23 <sup>rd</sup> September, 2015 | 5.50                               | 275               | 2.00                            |
| 2013-2014           | 11 <sup>th</sup> September, 2014 | 4.50                               | 225               | 2.00                            |
| 2012-2013           | 12 <sup>th</sup> August, 2013    | 4.00                               | 200               | 2.00                            |
| 2011-2012           | 26 <sup>th</sup> September, 2012 | 3.00                               | 150               | 2.00                            |
| 2010-2011           | 18 <sup>th</sup> August, 2011    | 2.50                               | 125               | 2.00                            |
| 2009-2010           | 27 <sup>th</sup> August, 2010    | 2.20                               | 110               | 2.00                            |

**b. Transfer of Unclaimed amounts to Investor's Education and Protection Fund**

All unclaimed dividend amount up to financial year 2008-09 have been transferred to Investors Education & Protection Fund and no claim will lie against the Company or the funds in respect of the unclaimed amount so transferred.

**c. Transfer of Unclaimed shares to Investor's Education and Protection Fund**

The Company has sent letter to the shareholders for the shares which are lying unclaimed with the company for more than 7 years shall be transferred to Investor Education Protection Fund.

**L. Dividend Distribution Policy**

The Board of the Directors of the Company had approved the Dividend Distribution Policy on 30<sup>th</sup> November, 2016 and the policy is available on the Company's website [http://www.ratnamani.com/investors\\_relations.html](http://www.ratnamani.com/investors_relations.html)

**M. ECS/NECS Facilities:**

In order to enable usage of electronic payment instruments for distribution of corporate benefits, the shareholders are requested to ensure that their correct bank account particulars are available in the database of depositories, in the case the shares are held in Demat form.

The Company uses National Electronic Clearing Services (NECS), which has replaced "Electronic Clearing Services" (ECS) for remitting dividend to shareholder wherever available. The advantage of NECS over ECS including faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations. NECS operates on new and unique bank account number allotted by the banks post implementations of Core Banking Solutions (CBS). Members are requested to provide their new account number allotted to them by their respective banks after implementation of CBS to the Company in case shares are held physically and to the depository participants in respect of shares held by them in dematerialized form.

Shareholders holding shares in physical form, who wish to avail NECS facility, may send their Mandate in the prescribed format to our Share Registrar & Transfer Agent.

**N. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity**

– NIL –

**O. Plant Locations :-**

|                                       |                                                                                                                                                          |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| SS Division                           | Survey No. 769, Ahmedabad-Mehsana Highway, Village-Indrad, Nr. Chhatral GIDC, Taluka – Kadi, Dist. Mehsana, Pin code – 382 729, Gujarat                  |
| CS Division                           | Plot No. 3306 to 3309, GIDC Estate, Phase IV, Ahmedabad – Mehsana Highway, P.O. Chhatral, Taluka – Kalol, Dist.: Gandhinagar, Pin code–382 729, Gujarat. |
| Kutch Division<br>(SS Div. & CS Div.) | Survey No. 474, Village: Bhimasar, Tal. Anjar, (SS Div. & CS Div.) Dist. Kutch, Gujarat                                                                  |

**P. Address and Contact details of the Registered Office of the Company :**

17, Rajmugat Society, Naranpura Char Rasta, Ankur Road, Naranpura, Ahmedabad – 380013.  
Phone No.: 079-27415501/02/03/04, Fax No.: 079-27480999,  
E-mail: jigar.shah@ratnamani.com, Website: www.ratnamani.com.

**Q. Address of Registrar & Transfer Agent :**

Shareholder may correspondence directly to M/s Link Intime India Private Limited at the following address:

**RTA'S REGISTERED OFFICE ADDRESS**

M/s. Link Intime (India) Pvt. Ltd.  
**Unit:** Ratnamani Metals & Tubes Ltd.  
C-101, 247 Park, L. B. S. Marg,  
Vikhroli West, Mumbai – 400 083.  
Tel. No. – (022) 49186000  
Fax No. – (022) 49186060  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**RTA'S AHMEDABAD BRANCH ADDRESS**

M/s. Link Intime (India) Private Limited  
**Unit:** Ratnamani Metals & Tubes Ltd.  
5<sup>th</sup> Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1),  
Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C. G.  
Road, Navrangpura, Ahmedabad – 380 009.  
Tel No. 079-26465179  
Email : [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

**8. CORPORATE ETHICS**

**1. Code of conduct for Board Members and Senior Management**

The Board has formulated Code of Conduct for all Board Members and Senior Management of the Company and the same is posted on the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct during the year 2016-17. A declaration signed by the Managing Director in terms of the Schedule V of SEBI (LOADR) Regulations, 2015 is addressed to the Board of Directors. The said declaration has been received by the Company.

**2. Code of Conduct for prevention of Insider Trading – Insider Trading Code, 2015**

The Securities and Exchange Board of India (hereinafter referred as "SEBI"), has issued the SEBI (Prohibition of Insider Trading) Regulation, 2015. This regulation requires all the Listed Companies to set up an appropriate mechanism and to frame and enforce a policy of internal procedures and conduct so as to curb Insider Trading. The code ensures prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

The said "Code" is also been uploaded on the Company's website at [www.ratnamani.com/investors relations/codesandpolicy/codes/code of conduct](http://www.ratnamani.com/investors%20relations/codesandpolicy/codes/code%20of%20conduct)

**3. Reconciliation of Share Capital Audit Report**

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

#### 4. Internal Checks

The Company has both external and internal audit systems in place. The Company has adequate Internal Control Systems to ensure that all assets are safeguarded and transactions are authorised, recorded and reported properly. The Internal Controls are periodically reviewed to enhance efficiency and to ensure statutory compliances. The Internal Audit plan is designed in consultation with the Statutory Auditors and Audit Committee. Regular operational and transactional audits are conducted by professionally qualified and technical persons and the results are used for effective control and improvements. Board and the management periodically reviews the findings and recommendation of Auditors and take corrective actions wherever necessary.

#### 5. Certification by Practicing Company Secretary

As required under Regulation 27(2) of the SEBI (LOADR) Regulations, 2015 and Schedule V of SEBI (LOADR) Regulations, 2015, the Company has obtained a Corporate Governance Compliance Certificate from M/s M. C. Gupta & Co., Company Secretaries in practice, regarding compliance of conditions of Corporate Governance as stipulated and is annexed herewith.

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

**PRAKASH M. SANGHVI**

**Chairman and Managing Director**

**DIN: 00006354**

**Place: Ahmedabad**  
**Date : 17<sup>th</sup> May, 2017**

#### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of  
**Ratnamani Metals and Tubes Limited**

We have examined the compliance of the conditions of Corporate Governance by Ratnamani Metals and Tubes Limited ("the Company"), for the year ended on 31<sup>st</sup> March 2017, as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause and applicable Regulations. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 M. C. GUPTA & CO.**  
**Company Secretaries**  
**UCN: S1986GJ003400**

**MAHESH C. GUPTA**

**Proprietor**

**FCS: 2047 (CP: 1028)**

**Place: Ahmedabad**  
**Date : 17<sup>th</sup> May, 2017**

## ANNEXURE 'D'

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

CSR Report for the financial year ended 31<sup>st</sup> March, 2017

[Pursuant to Section 135 of the Companies Act, 2013]

|    |                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes. | <p>The key philosophy of all CSR initiatives of the Company is guided by the Company's philosophy of giving back to the society as a responsible corporate citizen.</p> <p>The CSR Policy may be accessed on the Company's website at the link: <a href="http://www.ratnamani.com/investors_relations.html">http://www.ratnamani.com/investors_relations.html</a></p> <p>The Company has identified following as focus areas of engagement:</p> <ol style="list-style-type: none"> <li>Education: Access to quality education, training and skill enhancement.</li> <li>Environment: Environmental sustainability, ecological balance, conservation of natural resources.</li> <li>Rural Transformation: Provision of drinking water, sewage facilities, sanitation facilities, roads.</li> <li>Health: Affordable solutions for healthcare through improved access and awareness.</li> <li>The Company would also like to undertake other need-based initiatives in future.</li> </ol> <p>A brief account of the projects and programs that have been supported by the Company during the year 2016-17 is mentioned in Section 5 of this report in the format given by the Ministry of Corporate Affairs.</p> |
| 2. | The Composition of the CSR Committee                                                                                                                                                              | <p>The Company has a Corporate Social Responsibility (CSR) Committee comprising of following three directors:</p> <ol style="list-style-type: none"> <li>Shri P. M. Mehta - Chairman</li> <li>Shri P. M. Sanghvi - Member</li> <li>Shri J. M. Sanghvi, - Member</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 3. | Average net profit of the Company for last three financial years:                                                                                                                                 | ₹ 23,423.00 Lacs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 4. | Prescribed CSR Expenditure (two percentage of the amount as in item 3 above)                                                                                                                      | ₹ 468.46 Lacs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 5. | Details of CSR spend for the financial year                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| a. | Total amount spent for CSR Activities in the financial year                                                                                                                                       | The Company has spent ₹ 230.59 Lacs towards Corporate Social Responsibility (CSR).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| b. | Amount unspent, if any Reasons for not spending the amount                                                                                                                                        | <p>₹ 517.77 Lacs (including ₹ 279.90 Lacs of the previous years)</p> <p>Our Company wants to identify the most useful and relevant purposes that will benefit the society at large and has been working on it. In the coming financial years we will try to allocate the resources in the best possible manner.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

C. Manner in which the amount is spent and the details of the same are given below: (₹ in Lacs)

| Sr. No.      | Sector                                                 | Project / Activities                                                                                                                                                                                                                               | Location                     | Outlay        |               | Cumulative Expenditure up to reporting period | Implementing agency                                             |
|--------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------|---------------|-----------------------------------------------|-----------------------------------------------------------------|
|              |                                                        |                                                                                                                                                                                                                                                    |                              | Budget        | Actual        |                                               |                                                                 |
| 1.           | Education of children in the Rural Area                | Promotion of education by enhancing infrastructural facilities                                                                                                                                                                                     | Becharaji                    | 200.00        | 185.00        | 185.00                                        | Shree Mahavir Education Trust                                   |
|              |                                                        | Promotion of education and welfare for the abandoned Kids                                                                                                                                                                                          | Ahmedabad                    | 0.36          | 0.36          | 0.36                                          | Kavita Foundation                                               |
|              |                                                        | Construction of Mid-Day Meal Kitchen, basic infrastructural facilities & distribution of exam oriented study material                                                                                                                              | Nenava                       | 3.00          | 2.59          | 2.59                                          | Different Vendors                                               |
|              |                                                        | Construction of Urinals and other basic infrastructure facilities in Adipur Kanya Vidya Shala                                                                                                                                                      | Adipur                       | 3.21          | 3.21          | 3.21                                          | Different Vendors                                               |
|              |                                                        | Promotion of higher education and livelihood enhancement activities                                                                                                                                                                                | Ahmedabad & Kutch            | 4.51          | 4.51          | 4.51                                          | Different Vendors                                               |
| 2.           | Promotion of preventive Healthcare In the Rural Area   | Distribution of Sweaters, Distribution of Hygiene Kit , Promotion of menstrual hygiene by spreading awareness and distribution of sanitary napkins, anti-addiction seminar distribution of buttermilk                                              | Nenava                       | 2.00          | 1.13          | 1.13                                          | Different Vendors                                               |
| 3.           | Rural Transformation                                   | Construction & sanitary blocks for the under privileged people                                                                                                                                                                                     | Bhimasar, Tapar & Indrad     | 22.02         | 22.02         | 22.02                                         | ACIL Navsarjan Rural Development Foundation (Anarde Foundation) |
|              |                                                        | Upgradation of basic infrastructural facilities.                                                                                                                                                                                                   | Nagaur                       | 1.15          | 1.15          | 1.15                                          |                                                                 |
| 4.           | Enhancing Vocational Skills amongst women and children | Stitching and Sewing classes , Mehndi Class and Art & Craft Class for women and girls of the Village                                                                                                                                               | Nenava                       | 10.00         | 2.46          | 2.46                                          | Different Vendors                                               |
| 5.           | Ensuring Environmental sustainability                  | Plantation of 420 plants and trees & maintenance of trees planted                                                                                                                                                                                  | Nenava, Dhanera & Banaskatha | 10.00         | 6.02          | 6.02                                          | Different Vendors                                               |
| 6.           | Conservation of Ecology                                | Distribution of Sparrow Nests to sensitize the society towards saving of the Birds, sponsorship of book for creating awareness regarding saving the sparrows, promotion of environmental education amongst the elderly as well as the special kids | Ahmedabad                    | 2.14          | 2.14          | 2.14                                          | Different Vendors, Dignity Foundation & Red Cross Society.      |
| <b>TOTAL</b> |                                                        |                                                                                                                                                                                                                                                    |                              | <b>258.39</b> | <b>230.59</b> | <b>230.59</b>                                 |                                                                 |

Place: Ahmedabad  
Date : 17th May, 2017

**PRAVINCHANDRA M. MEHTA**  
Chairman of CSR Committee  
DIN: 00012410

**PRAKASH M. SANGHVI**  
Managing Director  
DIN: 00006354

**ANNEXURE 'E'**
**FORM NO. MGT 9**
**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31/03/2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

|      |                                                                            |                                                                                                                                                                                                                                                                                                         |
|------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i.   | CIN                                                                        | L70109GJ1983PLC006460                                                                                                                                                                                                                                                                                   |
| ii.  | Registration Date                                                          | 15/09/1983                                                                                                                                                                                                                                                                                              |
| iii. | Name of the Company                                                        | Ratnamani Metals & Tubes Ltd.                                                                                                                                                                                                                                                                           |
| iv.  | Category/Sub-category of the Company                                       | Public Company/ Listed by Shares                                                                                                                                                                                                                                                                        |
| v.   | Address of the Registered office & Contact details                         | 17, Rajmugat Society, Naranpura Char Rasta, Ankur Road, Naranpura, Ahmedabad – 380013<br>Tel. No. 079-27415501<br>Fax No. 079-27480999<br>Email id: info@ratnamani.com                                                                                                                                  |
| vi.  | Whether listed Company                                                     | Yes                                                                                                                                                                                                                                                                                                     |
| vii. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. Link Intime India Private Limited<br>Unit: Ratnamani Metals & Tubes Ltd.<br>C-101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai – 400 083.<br>Tel. No. – (022) 49186000<br>Fax No. – (022) 49186060<br>E-mail : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> |

**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

| Sr. No. | Name & Description of main products/services                                                         | NIC Code of the Product /service | % to total turnover of the Company |
|---------|------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------|
| 1.      | Manufacture of tubes, pipes and hollow profiles and of tube or pipe fittings of cast-iron/cast-steel | 24311                            | 96.00%                             |

**III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

| Sr. No. | Name & Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---------|-------------------------------|---------|--------------------------------|------------------|--------------------|
| 1       | Ratnamani INC.                | N.A     | subsidiary                     | 100%             | 2(87)              |

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

##### I) Category-wise Share Holding

| Category of Shareholders                                 | No. of Shares held at the beginning of the year (01/04/2016) |          |                 |                   | No. of Shares held at the end of the year (31/03/2017) |          |                 |                   | % change during the year |
|----------------------------------------------------------|--------------------------------------------------------------|----------|-----------------|-------------------|--------------------------------------------------------|----------|-----------------|-------------------|--------------------------|
|                                                          | Demat                                                        | Physical | Total           | % of Total Shares | Demat                                                  | Physical | Total           | % of Total Shares |                          |
| <b>A. Promoters</b>                                      |                                                              |          |                 |                   |                                                        |          |                 |                   |                          |
| <b>(1) Indian</b>                                        |                                                              |          |                 |                   |                                                        |          |                 |                   |                          |
| a) Individual/HUF                                        | 28164750                                                     | -        | 28164750        | 60.27             | 28090713                                               | -        | 28090713        | 60.12             | -0.15                    |
| b) Central Govt. or State Govt.                          | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| c) Bodies Corporates                                     | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| d) Bank/Fl                                               | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| e) Any other                                             | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| <b>SUB TOTAL:(A) (1)</b>                                 | <b>28164750</b>                                              | <b>-</b> | <b>28164750</b> | <b>60.27</b>      | <b>28090713</b>                                        | <b>-</b> | <b>28090713</b> | <b>60.12</b>      | <b>-0.15</b>             |
| <b>(2) Foreign</b>                                       |                                                              |          |                 |                   |                                                        |          |                 |                   |                          |
| a) NRI- Individuals                                      | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| b) Other Individuals                                     | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| c) Bodies Corp.                                          | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| d) Banks/Fl                                              | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| e) Any other                                             | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| <b>SUB TOTAL (A) (2)</b>                                 | <b>-</b>                                                     | <b>-</b> | <b>-</b>        | <b>-</b>          | <b>-</b>                                               | <b>-</b> | <b>-</b>        | <b>-</b>          | <b>-</b>                 |
| <b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b> | <b>28164750</b>                                              | <b>-</b> | <b>28164750</b> | <b>60.27</b>      | <b>28090713</b>                                        | <b>-</b> | <b>28090713</b> | <b>60.12</b>      | <b>-0.15</b>             |
| <b>B. Public Shareholding</b>                            |                                                              |          |                 |                   |                                                        |          |                 |                   |                          |
| <b>(1) Institutions</b>                                  |                                                              |          |                 |                   |                                                        |          |                 |                   |                          |
| a) Mutual Funds                                          | 1004501                                                      | -        | 1004501         | 2.15              | 2004935                                                | -        | 2004935         | 4.29              | 2.14                     |
| b) Banks/Financial Institutions                          | 10977                                                        | -        | 10977           | 0.02              | 12081                                                  | -        | 12081           | 0.03              | 0.01                     |
| c) Central Govt.                                         | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| d) State Govt.                                           | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| e) Venture Capital Fund                                  | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| f) Insurance Companies                                   | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| g) FIs                                                   | 5624045                                                      | -        | 5624045         | 12.04             | 5530992                                                | -        | 5530992         | 11.83             | -0.21                    |
| h) Foreign Venture Capital Funds                         | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| i) Others (specify)                                      | -                                                            | -        | -               | -                 | -                                                      | -        | -               | -                 | -                        |
| Foreign Portfolio Investors                              | 640899                                                       | -        | 640899          | 1.37              | 1444134                                                | -        | 1444134         | 3.09              | 1.72                     |
| <b>SUB TOTAL (B)(1):</b>                                 | <b>7280422</b>                                               | <b>-</b> | <b>7280422</b>  | <b>15.58</b>      | <b>8992142</b>                                         | <b>-</b> | <b>8992142</b>  | <b>19.24</b>      | <b>3.66</b>              |

| Category of Shareholders                                                           | No. of Shares held at the beginning of the year (01/04/2016) |               |                 |                   | No. of Shares held at the end of the year (31/03/2017) |               |                 |                   | % change during the year |
|------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------|-----------------|-------------------|--------------------------------------------------------|---------------|-----------------|-------------------|--------------------------|
|                                                                                    | Demat                                                        | Physical      | Total           | % of Total Shares | Demat                                                  | Physical      | Total           | % of Total Shares |                          |
| (2) Non Institutions                                                               |                                                              |               |                 |                   |                                                        |               |                 |                   |                          |
| a) Bodies corporates                                                               | -                                                            | -             | -               | -                 | -                                                      | -             | -               | -                 | -                        |
| i) Indian                                                                          | 849531                                                       | 19000         | 868531          | 1.86              | 882438                                                 | -             | 882438          | 1.89              | 0.03                     |
| ii) Overseas                                                                       | -                                                            | -             | -               | -                 | -                                                      | -             | -               | -                 | -                        |
| b) Individuals                                                                     | -                                                            | -             | -               | -                 | -                                                      | -             | -               | -                 | -                        |
| i) Individual shareholders holding nominal share capital up to Rs.1 lakhs          | 2848329                                                      | 635166        | 3483495         | 7.45              | 2404514                                                | 598421        | 3002935         | 6.43              | -1.02                    |
| ii) Individuals shareholders holding nominal share capital in excess of Rs.1 lakhs | 6582695                                                      | -             | 6582695         | 14.09             | 5224027                                                | -             | 5224027         | 11.18             | -2.91                    |
| c) Others (specify)                                                                | -                                                            | -             | -               | -                 | -                                                      | -             | -               | -                 | -                        |
| i) Non Resident Repatriates                                                        | 87562                                                        | 204425        | 291987          | 0.62              | 74960                                                  | 197925        | 272885          | 0.58              | -0.04                    |
| ii) Non Resident Non Repatriates                                                   | 49030                                                        | -             | 49030           | 0.11              | 132651                                                 | -             | 132651          | 0.28              | 0.17                     |
| iii) Clearing Members                                                              | 7090                                                         | -             | 7090            | 0.02              | 36165                                                  | -             | 36165           | 0.08              | 0.06                     |
| iv) HUF                                                                            | -                                                            | -             | -               | -                 | 94044                                                  | -             | 94044           | 0.20              | 0.20                     |
| <b>SUB TOTAL (B)(2):</b>                                                           | <b>10424237</b>                                              | <b>858591</b> | <b>11282828</b> | <b>24.15</b>      | <b>8848799</b>                                         | <b>796346</b> | <b>9645145</b>  | <b>20.64</b>      | <b>-3.50</b>             |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                                | <b>17704659</b>                                              | <b>858591</b> | <b>18563250</b> | <b>39.73</b>      | <b>17840941</b>                                        | <b>796346</b> | <b>18637287</b> | <b>39.88</b>      | <b>-0.16</b>             |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                             | -                                                            | -             | -               | -                 | -                                                      | -             | -               | -                 | -                        |
| <b>Grand Total (A+B+C)</b>                                                         | <b>45869409</b>                                              | <b>858591</b> | <b>46728000</b> | <b>100.00</b>     | <b>45931654</b>                                        | <b>796346</b> | <b>46728000</b> | <b>100.00</b>     | <b>0.00</b>              |

**ii) Share Holding of Promoters**

| Sr. No. | Shareholders Name                             | Shareholding at the beginning of the year<br>(As on 01-04-2016) |                                  |                                                | Shareholding at the end of the year<br>(As on 31-03-2017) |                                  |                                                | % change in share holding 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       | Prakash M. Sanghvi                            | 1605339                                                         | 3.43                             | 0.00                                           | 1605339                                                   | 3.43                             | 0.00                                           | 0.00                                      |
| 2       | Prakashmal Mishrimal Sanghvi                  | 3821351                                                         | 8.18                             | 0.00                                           | 3821351                                                   | 8.18                             | 0.00                                           | 0.00                                      |
| 3       | Sanghvi Prakashmal Mishrimal - HUF            | 422330                                                          | 0.90                             | 0.00                                           | 422330                                                    | 0.90                             | 0.00                                           | 0.00                                      |
| 4       | Prakashmal Mishrimal Sanghvi - HUF            | 85000                                                           | 0.18                             | 0.00                                           | 85000                                                     | 0.18                             | 0.00                                           | 0.00                                      |
| 5       | Rashmi Prakashmal Sanghvi                     | 1563750                                                         | 3.35                             | 0.00                                           | 1563750                                                   | 3.35                             | 0.00                                           | 0.00                                      |
| 6       | Manoj Prakash Sanghvi                         | 938495                                                          | 2.00                             | 0.00                                           | 938495                                                    | 2.00                             | 0.00                                           | 0.00                                      |
| 7       | Manoj Prakash Sanghvi                         | 31000                                                           | 0.07                             | 0.00                                           | 31000                                                     | 0.07                             | 0.00                                           | 0.00                                      |
| 8       | Dimple Manoj Sanghvi                          | 212500                                                          | 0.45                             | 0.00                                           | 212500                                                    | 0.45                             | 0.00                                           | 0.00                                      |
| 9       | Nilesh Prakash Sanghvi                        | 934800                                                          | 2.00                             | 0.00                                           | 934800                                                    | 2.00                             | 0.00                                           | 0.00                                      |
| 10      | Shital Nilesh Sanghvi                         | 25000                                                           | 0.05                             | 0.00                                           | 25000                                                     | 0.05                             | 0.00                                           | 0.00                                      |
| 11      | Jigar P. Sanghvi                              | 756320                                                          | 1.62                             | 0.00                                           | 756320                                                    | 1.62                             | 0.00                                           | 0.00                                      |
| 12      | Payal Rajendra Doshi nee Lata Prakash Sanghvi | 85125                                                           | 0.18                             | 0.00                                           | 11088                                                     | 0.02                             | 0.00                                           | -0.16                                     |
| 13      | Jyantilal Mistrimal Sanghvi                   | 3616195                                                         | 7.74                             | 0.00                                           | 3616195                                                   | 7.74                             | 0.00                                           | 0.00                                      |
| 14      | Jyantilal Mistrimal Sanghvi                   | 245000                                                          | 0.52                             | 0.00                                           | 245000                                                    | 0.52                             | 0.00                                           | 0.00                                      |
| 15      | Jyantilal Misrimal Sanghvi -HUF               | 416835                                                          | 0.89                             | 0.00                                           | 416835                                                    | 0.89                             | 0.00                                           | 0.00                                      |
| 16      | Jyantilal M. Sanghvi - HUF                    | 39830                                                           | 0.09                             | 0.00                                           | 39830                                                     | 0.09                             | 0.00                                           | 0.00                                      |
| 17      | Sobhnadevi Jyantilal Sanghvi                  | 456415                                                          | 0.98                             | 0.00                                           | 456415                                                    | 0.98                             | 0.00                                           | 0.00                                      |
| 18      | Prashant Jyantilal Sanghvi                    | 776740                                                          | 1.66                             | 0.00                                           | 776740                                                    | 1.66                             | 0.00                                           | 0.00                                      |
| 19      | Sarika Prashant Sanghvi                       | 175000                                                          | 0.37                             | 0.00                                           | 175000                                                    | 0.37                             | 0.00                                           | 0.00                                      |
| 20      | Sheetal J. Sanghvi                            | 49830                                                           | 0.11                             | 0.00                                           | 49830                                                     | 0.11                             | 0.00                                           | 0.00                                      |
| 21      | Shantilal Mishrimal Sanghvi                   | 1586995                                                         | 3.40                             | 0.00                                           | 1586995                                                   | 3.40                             | 0.00                                           | 0.00                                      |
| 22      | Shantilal Mishrimal Sanghvi                   | 230000                                                          | 0.49                             | 0.00                                           | 230000                                                    | 0.49                             | 0.00                                           | 0.00                                      |
| 23      | Sangvi Santilal Mishrimal - HUF               | 462165                                                          | 0.99                             | 0.00                                           | 462165                                                    | 0.99                             | 0.00                                           | 0.00                                      |
| 24      | Shashi Santilal Sanghvi                       | 296000                                                          | 0.63                             | 0.00                                           | 296000                                                    | 0.63                             | 0.00                                           | 0.00                                      |
| 25      | Shashi Shanti Sanghvi                         | 292250                                                          | 0.63                             | 0.00                                           | 292250                                                    | 0.63                             | 0.00                                           | 0.00                                      |

| Sr. No. | Shareholders Name                 | Shareholding at the beginning of the year<br>(As on 01-04-2016) |                                  |                                                | Shareholding at the end of the year<br>(As on 31-03-2017) |                                  |                                                | % change in share holding 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 |                                           |
| 26      | Shashi Shantilal Sanghvi          | 250000                                                          | 0.54                             | 0.00                                           | 250000                                                    | 0.54                             | 0.00                                           | 0.00                                      |
| 27      | Yashkumar Shantilal Sanghvi       | 182000                                                          | 0.39                             | 0.00                                           | 182000                                                    | 0.39                             | 0.00                                           | 0.00                                      |
| 28      | Yash Shanti Sanghvi               | 130000                                                          | 0.28                             | 0.00                                           | 130000                                                    | 0.28                             | 0.00                                           | 0.00                                      |
| 29      | Pavankumar Mishrimaji Sanghvi     | 150000                                                          | 0.32                             | 0.00                                           | 150000                                                    | 0.32                             | 0.00                                           | 0.00                                      |
| 30      | Pavan Kumar M Sanghvi – HUF       | 131250                                                          | 0.28                             | 0.00                                           | 131250                                                    | 0.28                             | 0.00                                           | 0.00                                      |
| 31      | Pavankumar M Sanghvi              | 103165                                                          | 0.22                             | 0.00                                           | 103165                                                    | 0.22                             | 0.00                                           | 0.00                                      |
| 32      | Pawankumar Mishrimaji Sanghvi     | 86400                                                           | 0.18                             | 0.00                                           | 86400                                                     | 0.18                             | 0.00                                           | 0.00                                      |
| 33      | Pavankumar Mishrimaji Sanghvi     | 318600                                                          | 0.68                             | 0.00                                           | 318600                                                    | 0.68                             | 0.00                                           | 0.00                                      |
| 34      | Vimlaben Pavankumar Sanghvi       | 1402415                                                         | 3.00                             | 0.00                                           | 1402415                                                   | 3.00                             | 0.00                                           | 0.00                                      |
| 35      | Vimla Pawan Sanghvi               | 21665                                                           | 0.05                             | 0.00                                           | 21665                                                     | 0.05                             | 0.00                                           | 0.00                                      |
| 36      | Ravi Kumar P Sanghvi              | 255415                                                          | 0.55                             | 0.00                                           | 255415                                                    | 0.55                             | 0.00                                           | 0.00                                      |
| 37      | Ravi Sanghvi                      | 325000                                                          | 0.70                             | 0.00                                           | 325000                                                    | 0.70                             | 0.00                                           | 0.00                                      |
| 38      | Chunilal Mishrimaji Sanghvi       | 1271010                                                         | 2.72                             | 0.00                                           | 1271010                                                   | 2.72                             | 0.00                                           | 0.00                                      |
| 39      | Sanghvi Chunilal Mishrimaji – HUF | 409000                                                          | 0.88                             | 0.00                                           | 409000                                                    | 0.88                             | 0.00                                           | 0.00                                      |
| 40      | Arunaben Chunilal Sanghvi         | 45205                                                           | 0.10                             | 0.00                                           | 45205                                                     | 0.10                             | 0.00                                           | 0.00                                      |
| 41      | Mahendra Chunilal Sanghvi         | 40000                                                           | 0.09                             | 0.00                                           | 40000                                                     | 0.09                             | 0.00                                           | 0.00                                      |
| 42      | Usha Mahendra Sanghvi             | 259830                                                          | 0.56                             | 0.00                                           | 259830                                                    | 0.56                             | 0.00                                           | 0.00                                      |
| 43      | Rishabh M Sanghvi                 | 25000                                                           | 0.05                             | 0.00                                           | 25000                                                     | 0.05                             | 0.00                                           | 0.00                                      |
| 44      | Vijay Chunilal Sanghvi            | 50810                                                           | 0.11                             | 0.00                                           | 50810                                                     | 0.11                             | 0.00                                           | 0.00                                      |
| 45      | Chandra Vijay Sanghvi             | 353125                                                          | 0.76                             | 0.00                                           | 353125                                                    | 0.76                             | 0.00                                           | 0.00                                      |
| 46      | Babulal Mishrimaji Sanghvi        | 139330                                                          | 0.30                             | 0.00                                           | 139330                                                    | 0.30                             | 0.00                                           | 0.00                                      |
| 47      | Babulal Mishrimaji Sanghvi – HUF  | 505495                                                          | 1.08                             | 0.00                                           | 505495                                                    | 1.08                             | 0.00                                           | 0.00                                      |
| 48      | Shantaben Babulal Sanghvi         | 528915                                                          | 1.13                             | 0.00                                           | 528915                                                    | 1.13                             | 0.00                                           | 0.00                                      |
| 49      | Jitendra Babulal Sanghvi          | 247160                                                          | 0.53                             | 0.00                                           | 247160                                                    | 0.53                             | 0.00                                           | 0.00                                      |
| 50      | Pinky Jitendra Sanghvi            | 50000                                                           | 0.11                             | 0.00                                           | 50000                                                     | 0.11                             | 0.00                                           | 0.00                                      |
| 51      | Mishrimaji Nathmal Sanghvi        | 1759695                                                         | 3.77                             | 0.00                                           | 1759695                                                   | 3.77                             | 0.00                                           | 0.00                                      |

## (iii) Change in Promoters' Shareholding ( specify if there is no change)

| Sr. No. | Name                                          | Shareholding                                                                      |                                  |                                      | Cumulative Shareholding during the year (01/04/2016 to 31/03/2017) |          |              |                                  |
|---------|-----------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------------------------------------------------|----------|--------------|----------------------------------|
|         |                                               | No of Shares at the beginning of the year (01/04/16) / end of the year (31/03/17) | % of total shares of the Company | Date of opening / closing / transfer | Increase / Decrease in share holding                               | Reason   | No of shares | % of total shares of the company |
| 1       | Payal Rajendra Doshi nee Lata Prakash Sanghvi | 85125                                                                             | 0.18                             | 01/04/2016                           | -                                                                  | -        | 85125        | 0.18                             |
|         |                                               |                                                                                   | -0.05                            | 17/03/2017                           | -23370                                                             | Transfer | 61755        | 0.13                             |
|         |                                               |                                                                                   | -0.00                            | 20/03/2017                           | -508                                                               | Transfer | 61247        | 0.13                             |
|         |                                               |                                                                                   | -0.00                            | 21/03/2017                           | -1358                                                              | Transfer | 59889        | 0.13                             |
|         |                                               |                                                                                   | -0.04                            | 24/03/2017                           | -20793                                                             | Transfer | 39096        | 0.09                             |
|         |                                               |                                                                                   | -0.00                            | 29/03/2017                           | -1129                                                              | Transfer | 37967        | 0.08                             |
|         |                                               |                                                                                   | -0.04                            | 30/03/2017                           | -18501                                                             | Transfer | 19466        | 0.04                             |
|         |                                               |                                                                                   | -0.02                            | 31/03/2017                           | -8378                                                              | Transfer | 11088        | 0.02                             |
|         |                                               | 11088                                                                             | 0.02                             | 31/03/2017                           | 11088                                                              | -        | -            | 0.02                             |

## (iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters &amp; Holders of GDRs &amp; ADRs)

| Sr. No. | Name                              | Shareholding                                                                          |                                  |                                    | Cumulative Shareholding during the year (01/04/2016 to 31/03/2017) |          |              |                                  |
|---------|-----------------------------------|---------------------------------------------------------------------------------------|----------------------------------|------------------------------------|--------------------------------------------------------------------|----------|--------------|----------------------------------|
|         |                                   | No of Shares at the beginning of the year (01/04/2016) / end of the year (31/03/2017) | % of total shares of the company | Date of opening/ closing/ transfer | Increase / Decrease in share holding                               | Reason   | No of shares | % of total shares of the Company |
| 1       | NALANDA INDIA FUND LIMITED        | 3906664                                                                               | 8.36                             | 01/04/2016                         | -                                                                  | -        | 3906664      | 8.36                             |
|         |                                   | 3906664                                                                               | 8.36                             | 31/03/2017                         | -                                                                  | -        | 3906664      | 8.36                             |
| 2       | CHUNILAL FOJAJI SANGHVI           | 1500000                                                                               | 3.21                             | 01/04/2016                         | -                                                                  | -        | 1500000      | 3.21                             |
|         |                                   |                                                                                       |                                  | 01/07/2016                         | 35780                                                              | Transfer | 1535780      | 3.29                             |
|         |                                   | 1535780                                                                               | 3.29                             | 31/03/2017                         | -                                                                  | -        | 1535780      | 3.29                             |
| 3       | DIVYA VAGHELA                     | 0                                                                                     | 0                                | 01/04/2016                         | -                                                                  | -        | 0            | 0.00                             |
|         |                                   |                                                                                       | 3.21                             | 25/11/2016                         | 1500000                                                            | Transfer | 1500000      | 3.21                             |
|         |                                   | 1500000                                                                               | 3.21                             | 31/03/2017                         | -                                                                  | -        | 1500000      | 3.21                             |
| 4       | NALANDA INDIA EQUITY FUND LIMITED | 1461644                                                                               | 3.13                             | 01/04/2015                         | -                                                                  | -        | 1461644      | 3.13                             |
|         |                                   | 1461644                                                                               | 3.13                             | 31/03/2016                         | -                                                                  | -        | 1461644      | 3.13                             |

| Sr. No. | Name                              | Shareholding                                                                          |                                  |                                    | Cumulative Shareholding during the year (01/04/2016 to 31/03/2017) |          |              |                                  |
|---------|-----------------------------------|---------------------------------------------------------------------------------------|----------------------------------|------------------------------------|--------------------------------------------------------------------|----------|--------------|----------------------------------|
|         |                                   | No of Shares at the beginning of the year (01/04/2016) / end of the year (31/03/2017) | % of total shares of the company | Date of opening/ closing/ transfer | Increase / Decrease in share holding                               | Reason   | No of shares | % of total shares of the Company |
| 5       | DSP BLACKROCK MICRO CAP FUND      | 592898                                                                                | 1.27                             | 01/04/2016                         | -                                                                  | -        | 592898       | 1.27                             |
|         |                                   |                                                                                       | 0.18                             | 08/07/2016                         | 81866                                                              | Transfer | 674764       | 1.44                             |
|         |                                   |                                                                                       | 0.00                             | 15/07/2016                         | 124                                                                | Transfer | 674888       | 1.44                             |
|         |                                   |                                                                                       | 0.04                             | 22/07/2016                         | 18691                                                              | Transfer | 693579       | 1.48                             |
|         |                                   |                                                                                       | 0.05                             | 29/07/2016                         | 21766                                                              | Transfer | 715345       | 1.53                             |
|         |                                   |                                                                                       | 0.03                             | 05/08/2016                         | 13455                                                              | Transfer | 728800       | 1.56                             |
|         |                                   |                                                                                       | 0.00                             | 12/08/2016                         | 1062                                                               | Transfer | 729862       | 1.56                             |
|         |                                   |                                                                                       | 0.43                             | 19/08/2016                         | 200000                                                             | Transfer | 929862       | 1.99                             |
|         |                                   |                                                                                       | 0.04                             | 02/09/2016                         | 18828                                                              | Transfer | 948690       | 2.03                             |
|         |                                   |                                                                                       | 0.01                             | 09/09/2016                         | 4376                                                               | Transfer | 953066       | 2.03                             |
|         |                                   |                                                                                       | 0.02                             | 16/09/2016                         | 8173                                                               | Transfer | 961239       | 2.06                             |
|         |                                   | 961239                                                                                | 2.06                             | 31/03/2017                         | -                                                                  | -        | 961239       | 2.06                             |
| 6       | SAIF INDIA V FII HOLDINGS LIMITED | 0                                                                                     | 0                                | 01/04/2016                         | -                                                                  | -        | 0            | 0.00                             |
|         |                                   |                                                                                       | 1.65                             | 19/08/2016                         | 770000                                                             | Transfer | 770000       | 1.65                             |
|         |                                   |                                                                                       | 0.02                             | 16/09/2016                         | 7582                                                               | Transfer | 777582       | 1.66                             |
|         |                                   |                                                                                       | 0.01                             | 07/10/2016                         | 3904                                                               | Transfer | 781486       | 1.67                             |
|         |                                   | 781486                                                                                | 1.67                             | 31/03/2017                         | -                                                                  | -        | 781486       | 1.67                             |
| 7       | KAMALA MUKESH SANGHVI             | 425500                                                                                | 0.91                             | 01/04/2016                         | -                                                                  | -        | 425500       | 0.91                             |
|         |                                   | 425500                                                                                | 0.91                             | 31/03/2017                         | -                                                                  | -        | 425500       | 0.91                             |
| 8       | KUSHAL CHAMPALAL BHANSALI         | 393500                                                                                | 0.84                             | 01/04/2016                         | -                                                                  | -        | 393500       | 0.84                             |
|         |                                   | 393500                                                                                | 0.84                             | 31/03/2017                         | -                                                                  | -        | 393500       | 0.84                             |
| 9       | SILVER STALLION LIMITED           | 370983                                                                                | 0.79                             | 01/04/2016                         | -                                                                  | -        | 370983       | 0.79                             |
|         |                                   | 370983                                                                                | 0.79                             | 31/03/2017                         | -                                                                  | -        | 370983       | 0.79                             |
| 10      | RAJEN K SHAH                      | 250000                                                                                | 0.54                             | 01/04/2016                         | -                                                                  | -        | 250000       | 0.54                             |
|         |                                   | 250000                                                                                | 0.54                             | 31/03/2017                         | -                                                                  | -        | 250000       | 0.54                             |
| 11      | PUKHRAJ HAZARIMAL BHANSALI        | 1500000                                                                               | 3.21                             | 01/04/2016                         | -                                                                  | -        | 1500000      | 3.21                             |
|         |                                   |                                                                                       | -3.21                            | 25/11/2016                         | -1500000                                                           | Transfer | 0            | 0.00                             |
|         |                                   | 0                                                                                     | 0                                | 31/03/2017                         | -                                                                  | -        | 0            | 0.00                             |
| 12      | BABULAL M BHANSALI                | 675000                                                                                | 1.44                             | 01/04/2016                         | -                                                                  | -        | 675000       | 1.44                             |
|         |                                   |                                                                                       | -0.08                            | 08/07/2016                         | -37737                                                             | Transfer | 637263       | 1.36                             |
|         |                                   |                                                                                       | -0.00                            | 15/07/2016                         | -1000                                                              | Transfer | 636263       | 1.36                             |
|         |                                   |                                                                                       | -0.16                            | 22/07/2016                         | -74136                                                             | Transfer | 562127       | 1.20                             |
|         |                                   |                                                                                       | -0.00                            | 29/07/2016                         | -2133                                                              | Transfer | 559994       | 1.20                             |
|         |                                   |                                                                                       | -1.07                            | 12/08/2016                         | -500000                                                            | Transfer | 59994        | 0.13                             |
|         |                                   |                                                                                       | 0.00                             | 19/08/2016                         | 6                                                                  | Transfer | 60000        | 0.13                             |
|         |                                   |                                                                                       | -0.04                            | 26/08/2016                         | -18346                                                             | Transfer | 41654        | 0.09                             |
|         |                                   |                                                                                       | -0.00                            | 02/09/2016                         | -1654                                                              | Transfer | 40000        | 0.09                             |
|         |                                   |                                                                                       | -0.09                            | 21/10/2016                         | -40000                                                             | Transfer | 0            | 0.00                             |
|         |                                   | 0                                                                                     | 0.00                             | 31/03/2017                         | -                                                                  | -        | 0            | 0.00                             |
| 13      | DARSHANA R SHAH                   | 310000                                                                                | 0.66                             | 01/04/2016                         | -                                                                  | -        | 310000       | 0.66                             |
|         |                                   |                                                                                       | -0.64                            | 12/08/2016                         | -300000                                                            | Transfer | 10000        | 0.02                             |
|         |                                   |                                                                                       | -0.02                            | 26/08/2016                         | -10000                                                             | Transfer | 0            | 0.00                             |
|         |                                   | 0                                                                                     | 0.00                             | 31/03/2017                         | -                                                                  | -        | 0            | 0.00                             |

## (iii) Shareholding of Directors &amp; KMP

| Sr. No | Shareholding of Directors & KMP  | Shareholding  |                                  |            |                                      |          | Cumulative Shareholding during the year |                                  |
|--------|----------------------------------|---------------|----------------------------------|------------|--------------------------------------|----------|-----------------------------------------|----------------------------------|
|        |                                  | No. of shares | % of total shares of the Company | Date       | Increase / Decrease in share holding | Reason   | No of shares                            | % of total shares of the company |
| 1      | Prakash M Sanghvi                | 3821351       | 8.18                             | 01/04/2016 | -                                    | -        | 3821351                                 | 8.18                             |
|        |                                  | 3821351       | 8.18                             | 31/03/2017 | -                                    | -        | 3821351                                 | 8.18                             |
| 2      | Prakash M Sanghvi                | 1605339       | 3.44                             | 01/04/2016 | -                                    | -        | 1605339                                 | 3.44                             |
|        |                                  | 1605339       | 3.44                             | 31/03/2017 | -                                    | -        | 1605339                                 | 3.44                             |
| 3      | Jayantilal Mistrimal Sanghvi     | 3616195       | 7.74                             | 01/04/2016 | -                                    | -        | 3616195                                 | 7.74                             |
|        |                                  | 3616195       | 7.74                             | 31/03/2017 | -                                    | -        | 3616195                                 | 7.74                             |
| 4      | Jayantilal Mistrimal Sanghvi     | 245000        | 0.52                             | 01/04/2016 | -                                    | -        | 245000                                  | 0.52                             |
|        |                                  | 245000        | 0.52                             | 31/03/2017 | -                                    | -        | 245000                                  | 0.52                             |
| 5      | Shantilal Mishrimal Sanghvi      | 230000        | 0.49                             | 01/04/2016 | -                                    | -        | 230000                                  | 0.49                             |
|        |                                  | 230000        | 0.49                             | 31/03/2017 | -                                    | -        | 230000                                  | 0.49                             |
| 6      | Shantilal Mishrimal Sanghvi      | 1586995       | 3.40                             | 01/04/2016 | -                                    | -        | 1586995                                 | 3.40                             |
|        |                                  | 1586995       | 3.40                             | 31/03/2017 | -                                    | -        | 1586995                                 | 3.40                             |
| 7      | Divyabhash Chandrakant Anjaria   | 21665         | 0.05                             | 01/04/2016 | -                                    | -        | 21665                                   | 0.05                             |
|        |                                  | 21665         | 0.05                             | 31/03/2017 | -                                    | -        | 21665                                   | 0.05                             |
| 8      | Divyabhash Chandrakant Anjaria   | 800           | 0.00                             | 01/04/2016 | -                                    | -        | 800                                     | 0.00                             |
|        |                                  | 800           | 0.00                             | 31/03/2017 | -                                    | -        | 800                                     | 0.00                             |
| 9      | Vinodkumar Mahavirprasad Agrawal | 25000         | 0.05                             | 01/04/2016 | -                                    | -        | 25000                                   | 0.05                             |
|        |                                  | 25000         | 0.05                             | 31/03/2017 | -                                    | -        | 25000                                   | 0.05                             |
| 10     | Vinodkumar Mahavirprasad Agrawal | 2500          | 0.01                             | 01/04/2016 | -                                    | -        | 2500                                    | 0.01                             |
|        |                                  | 2500          | 0.01                             | 31/03/2017 | -                                    | -        | 2500                                    | 0.01                             |
| 11     | Pravinchandra Maganlal Mehta     | 2000          | 0.00                             | 01/04/2016 | -                                    | -        | 0                                       | 0.00                             |
|        |                                  |               | 0.00                             | 23/09/2016 | 2000                                 | Transfer | 0                                       | 0.00                             |
|        |                                  | 0             | 0.00                             | 31/03/2017 | -                                    | -        | 0                                       | 0.00                             |
| 12     | Pravinchandra Maganlal Mehta     | 10000         | 0.02                             | 01/04/2016 | -                                    | -        | 10000                                   | 0.02                             |
|        |                                  |               | 0.00                             | 21/10/2016 | 1000                                 | Transfer | 9000                                    | 0.02                             |
|        |                                  |               | 0.00                             | 28/10/2016 | 500                                  | Transfer | 8500                                    | 0.02                             |
|        |                                  | 8500          | 0.02                             | 31/03/2017 | -                                    | -        | 8500                                    | 0.02                             |
| 13     | Nidhi G. Gadhecha                | 0             | 0.00                             | 01/04/2016 | -                                    | -        | 0                                       | 0.00                             |
|        |                                  | 0             | 0.00                             | 31/03/2017 | -                                    | -        | 0                                       | 0.00                             |
| 14     | Vimal Katta, C.F.O.              | 25000         | 0.05                             | 01/04/2016 | -                                    | -        | 25000                                   | 0.05                             |
|        |                                  | 25000         | 0.05                             | 31/03/2017 | -                                    | -        | 25000                                   | 0.05                             |
| 15     | Jigar Shah, C.S.                 | 1             | 0.00                             | 01/04/2016 | -                                    | -        | 1                                       | 0.00                             |
|        |                                  |               | 0.00                             | 28/06/2016 | 1                                    | Transfer | 0                                       | 0.00                             |
|        |                                  | 0             | 0.00                             | 31/03/2017 | -                                    | -        | 0                                       | 0.00                             |

## VI) Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

| Particulars                                                           | Secured Loans<br>Excluding Deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|-----------------------------------------------------------------------|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year 01-04-2016</b> |                                     |                    |          |                       |
| 1) Principal Amount                                                   | 890.27                              | -                  | -        | 890.27                |
| 2) Interest due but not paid                                          | -                                   | -                  | -        | -                     |
| 3) Interest accrued but not due                                       | 13.02                               | -                  | -        | 13.02                 |
| Total of (1+2+3)                                                      | 903.29                              | -                  | -        | 903.29                |
| <b>Change in Indebtedness during the financial year</b>               |                                     |                    |          |                       |
| + Addition                                                            | -                                   | -                  | -        | -                     |
| -Reduction                                                            | 903.29                              | -                  | -        | 903.29                |
| Net change                                                            | 903.29                              | -                  | -        | 903.29                |
| <b>Indebtedness at the end of the financial year 31-03-2017</b>       |                                     |                    |          |                       |
| 1) Principal Amount                                                   | -                                   | -                  | -        | -                     |
| 2) Interest due but not paid                                          | -                                   | -                  | -        | -                     |
| 3) Interest accrued but not due                                       | -                                   | -                  | -        | -                     |
| <b>Total of (1+2+3)</b>                                               | <b>0.00</b>                         | <b>-</b>           | <b>-</b> | <b>0.00</b>           |

## VII) Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole time director

(₹ In Lacs)

| Sr. No. | Particulars of Remuneration                                                                                               | Name of the MD/WTD      |                         |                        | Total Amount   |
|---------|---------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|----------------|
|         |                                                                                                                           | Shri Prakash M. Sanghvi | Shri Jayanti M. Sanghvi | Shri Shanti M. Sanghvi |                |
| 1.      | Gross salary                                                                                                              |                         |                         |                        |                |
|         | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.                                          | 137.00                  | 95.20                   | 80.30                  | 312.50         |
|         | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961                                                            | 0.39                    | 1.65                    | 0.00                   | 2.04           |
|         | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961                                             | 725.00                  | 435.00                  | 290.00                 | 1450.00        |
| 2.      | Stock option                                                                                                              | -                       | -                       | -                      | -              |
| 3.      | Sweat Equity                                                                                                              | -                       | -                       | -                      | -              |
| 4.      | Commission as % of profit others (specify)                                                                                | -                       | -                       | -                      | -              |
| 5.      | Others, please specify                                                                                                    |                         |                         |                        |                |
|         | (a) Company's contribution to the Super Annuation Scheme                                                                  | 0.00                    | 9.52                    | 8.03                   | 17.55          |
|         | (b) Company's contribution to the Provident Fund                                                                          | 16.44                   | 11.42                   | 9.64                   | 37.50          |
|         | <b>Total (A)</b>                                                                                                          | <b>878.83</b>           | <b>552.79</b>           | <b>387.97</b>          | <b>1819.59</b> |
|         | Ceiling as per the Act (Being 10% of Net Profit calculated under the provision of Section 198 of the Companies Act, 2013) | 1076.89                 | 646.14                  | 430.76                 | 2153.79        |

**B. Remuneration to other directors (Independent Directors):**

(₹ In Lacs)

| Sr. No. | Particulars of Remuneration                    | Name of Directors  |                  |                   |                        | Total Amount |
|---------|------------------------------------------------|--------------------|------------------|-------------------|------------------------|--------------|
|         |                                                | Shri D. C. Anjaria | Shri P. M. Mehta | Dr. V. M. Agrawal | Smt. Nidhi G. Gadhecha |              |
| 1.      | <b>Independent Directors</b>                   |                    |                  |                   |                        |              |
|         | (a) Fee for attending board committee meetings | 2.04               | 1.36             | 2.04              | 1.70                   | 7.14         |
|         | (b) Commission                                 | -                  | -                | -                 | -                      | -            |
|         | (c) Others, please specify                     | -                  | -                | -                 | -                      | -            |
|         | <b>Total (1)</b>                               | <b>2.04</b>        | <b>1.36</b>      | <b>2.04</b>       | <b>1.70</b>            | <b>7.14</b>  |
| 2.      | <b>Other Non Executive Directors</b>           |                    |                  |                   |                        |              |
|         | (a) Fee for attending board committee meetings | N.A.               | N.A.             | N.A.              | N.A.                   | N.A.         |
|         | (b) Commission                                 | -                  | -                | -                 | -                      | -            |
|         | (c) Others, please specify                     | -                  | -                | -                 | -                      | -            |
|         | <b>Total (2)</b>                               | <b>-</b>           | <b>-</b>         | <b>-</b>          | <b>-</b>               | <b>-</b>     |
|         | <b>Total (B)=(1+2)</b>                         | <b>2.04</b>        | <b>1.36</b>      | <b>2.04</b>       | <b>1.70</b>            | <b>7.14</b>  |

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

(₹ In Lacs)

| Sr. No. | Particulars of Remuneration                                                          | Name of KMP                        |                                           | Total Amount |
|---------|--------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------|--------------|
|         |                                                                                      | Shri Jigar Shah, Company Secretary | Shri Vimal Katta, Chief Financial Officer |              |
| 1.      | <b>Gross Salary</b>                                                                  |                                    |                                           |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 11.74                              | 70.17                                     | 81.91        |
|         | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                       | 0.00                               | 0.39                                      | 0.39         |
|         | (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                                                                         | -                                  | -                                         | -            |
| 3.      | Sweat Equity                                                                         | -                                  | -                                         | -            |
| 4.      | Commission as % of profit others, specify                                            | -                                  | -                                         | -            |
| 5.      | Others, please specify                                                               |                                    |                                           |              |
|         | (a) Company's contribution to the Super Annuation Scheme                             | 0.65                               | 3.65                                      | 4.30         |
|         | (b) Company's contribution to the Provident Fund                                     | 0.78                               | 4.38                                      | 5.16         |
|         | <b>Total</b>                                                                         | <b>13.17</b>                       | <b>78.59</b>                              | <b>91.76</b> |

### VIII) Penalties / Punishment / compounding of offences

| Types                         | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD / NCLT / Court) | Appeal made, if any |
|-------------------------------|------------------------------|-------------------|------------------------------------------------------------|-------------------------------|---------------------|
| A) Company                    |                              |                   | NONE                                                       |                               |                     |
| Penalty                       |                              |                   |                                                            |                               |                     |
| Punishment                    |                              |                   |                                                            |                               |                     |
| Compounding                   |                              |                   |                                                            |                               |                     |
| B) Directors                  |                              |                   | NONE                                                       |                               |                     |
| Penalty                       |                              |                   |                                                            |                               |                     |
| Punishment                    |                              |                   |                                                            |                               |                     |
| Compounding                   |                              |                   |                                                            |                               |                     |
| C) Other officers in Defaults |                              |                   | NONE                                                       |                               |                     |
| Penalty                       |                              |                   |                                                            |                               |                     |
| Punishment                    |                              |                   |                                                            |                               |                     |
| Compounding                   |                              |                   |                                                            |                               |                     |

For and on behalf of the Board of Directors

Place: Ahmedabad  
Date : 17<sup>th</sup> May, 2017

**PRAKASH M. SANGHVI**  
Chairman and Managing Director  
DIN: 00006354

**ANNEXURE 'F'****DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1), 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(₹ in Lacs)

| Sr. No. | Name of Directors / KMPs and Designation              | Remuneration for F.Y. 2016-17 | % increase / (decrease) in Remuneration in the F.Y.2016-17 | Ratio of remuneration of each Director/ KMP to median remuneration of employees |
|---------|-------------------------------------------------------|-------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------|
| 1.      | Shri Prakash M. Sanghvi, Chairman & Managing Director | 878.83                        | (23.89)                                                    | 434.45                                                                          |
| 2.      | Shri Jayanti M. Sanghvi, Wholetime Director           | 552.79                        | (22.26)                                                    | 273.27                                                                          |
| 3.      | Shri Shanti M. Sanghvi, Wholetime Director            | 387.97                        | (21.14)                                                    | 191.79                                                                          |
| 4.      | Shri Divyabhash C. Anjaria, Independent Director      | 2.04                          | (7.69)                                                     | 1.01                                                                            |
| 5.      | Dr. Vinodkumar M. Agrawal, Independent Director       | 2.04                          | 0.00                                                       | 1.01                                                                            |
| 6.      | Shri Pravinchandra M. Mehta, Independent Director     | 1.36                          | (38.46)                                                    | 0.67                                                                            |
| 7.      | Smt. Nidhi G. Gadhecha, Independent Director          | 1.70                          | 42.86                                                      | 0.84                                                                            |
| 8.      | Shri Vimal Katta, Chief Financial Officer             | 78.59                         | 15.52                                                      | 38.85                                                                           |
| 9.      | Shri Jigar Shah, Company Secretary & Legal Head       | 13.17                         | *                                                          | 6.51                                                                            |

- \* Details not given as Shri Jigar Shah, Company Secretary & Legal Head was appointed only for the part of the financial year 2015-16 i.e. from 20/08/2015.

**Note – 1:**

Directors' remuneration details mentioned in sr. no. 4 to 7 are only for sitting fees paid towards Board Meetings and Committee Meetings.

|   |                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | Increase in the median remuneration of employees                                                                                                                                                                                                                                                                                                    | 5.81%                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 3 | No. of permanent employees on the rolls of Company as on March 31, 2017                                                                                                                                                                                                                                                                             | 1940                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 4 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 10.83% whereas there is increase in the managerial remuneration for the same financial year was 29.17%. The increase has to be based on economic factor mainly on account of inflation, performance rise, availability of the required talent, the status of the relevant industry etc. |
| 5 | Affirmation that the remuneration is as per the Remuneration Policy of the Company                                                                                                                                                                                                                                                                  | It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.                                                                                                                                                                                                                                                                                       |

**Note - 2:**

Sub-clause (v), (vi), (vii), (ix), (x) and (xi) of Rule 5(1): Omitted by Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 dated 30th June, 2016.

**Note - 3:**

Rules 5(2) and 5(3): The information required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Annual Report. Having regard to the provisions of Section 134 and 136 of the Companies Act, 2013, the Reports and Accounts are being sent to the Members excluding such information. However, the said information is available for inspection by the Members at the registered office of the Company during its working hours up to the date of ensuing Annual General Meeting. Further, any Member interested in obtaining such information may obtain it by writing to the Company Secretary at [jigar.shah@ratnamani.com](mailto:jigar.shah@ratnamani.com).

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

**Place: Ahmedabad**  
**Date : 17<sup>th</sup> May, 2017**

**PRAKASH M. SANGHVI**  
**Chairman and Managing Director**  
**DIN: 00006354**

**ANNEXURE – “G”****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Ratnamani Metals and Tubes Limited,**  
17, Rajmugat Society, Naranpura Char Rasta,  
Ankur Road, Naranpura, Ahmedabad – 380 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Ratnamani Metals and Tubes Limited CIN: (L70109GJ1983PLC006460) (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Ratnamani Metals and Tubes Limited’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company”, having its Registered Office at “17, Rajmugat Society, Naranpura Char Rasta, Ankur Road, Naranpura, Ahmedabad – 380 013 for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):
  - (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;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
  - (f) 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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period)**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- (vi) The Company has complied with the following specifically other applicable laws to the Company:
  - (a) Indian Boilers Act, 1923.
  - (b) Static and Mobile Pressure Vessels Rules, 1999.
  - (c) Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996.

- (d) Hazardous Wastes (Management and Handling) Rules, 1989.
- (e) The Water (Prevention and Control of Pollution) Act, 1974.
- (f) The Water (Prevention and Control of Pollution) Cess Act, 1977.
- (g) Air (Prevention and Control of Pollution) Act, 1981.

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the year under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any matter.

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

**We further report that** during the audit period the Company has 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

**For M. C. Gupta & Co,  
Company Secretaries  
UCN: S1986GJ003400**

**MAHESH C GUPTA  
Proprietor**

**FCS: 2047 (CP: 1028)**

**Place: Ahmedabad**

**Date : May 17, 2017**

Note:

This Report is to be read with Our Letter of even date which is annexed as Annexure "A" and forms an integral part of this report.

**Annexure: "A"**

To,  
The Members,  
**Ratnamani Metals and Tubes Limited,**  
17, Rajmugat Society, Naranpura Char Rasta,  
Ankur Road, Naranpura, Ahmedabad – 380 013

Our Report of even date is to be read along with this Letter;

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on 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 the management. Our examination was limited to the verification of the 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 M. C. Gupta & Co,  
Company Secretaries  
UCN: S1986GJ003400**

**MAHESH C GUPTA  
Proprietor  
FCS: 2047 (CP: 1028)**

**Place: Ahmedabad  
Date : May 17, 2017**

## ANNEXURE - H

### FORM NO. AOC -2

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

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 transaction under third proviso thereto.

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

| Sr. No. | Particulars                                                                                                       | Details                                                                       |
|---------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| a)      | Name (s) of the related party & nature of relationship                                                            | Nil<br>(All Contracts/ arrangements / transactions are at arm's length basis) |
| b)      | Nature of contracts/arrangements/ transaction                                                                     |                                                                               |
| c)      | Duration of the contracts/ arrangements/ transaction                                                              |                                                                               |
| d)      | Salient terms of the contracts or arrangements or transaction including the value, if any                         |                                                                               |
| e)      | Justification for entering into such contracts or arrangements or transactions'                                   |                                                                               |
| f)      | Date of approval by the Board                                                                                     |                                                                               |
| g)      | Amount paid as advances, if any                                                                                   |                                                                               |
| h)      | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 |                                                                               |

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

| Sr. No. | Particulars                                                                               | Details |
|---------|-------------------------------------------------------------------------------------------|---------|
| a)      | Name (s) of the related party & nature of relationship                                    | Nil     |
| b)      | Nature of contracts/arrangements/transaction                                              |         |
| c)      | Duration of the contracts/arrangements/ transaction                                       |         |
| d)      | Salient terms of the contracts or arrangements or transaction including the value, if any |         |
| e)      | Date of approval by the Board                                                             |         |
| f)      | Amount paid as advances, if any                                                           |         |

For and on behalf of the Board of Directors

Place: Ahmedabad  
Date : 17<sup>th</sup> May, 2017

**PRAKASH M. SANGHVI**  
Chairman and Managing Director  
DIN: 00006354

# Independent Auditors' Report

## To the Members of Ratnamani Metals & Tubes Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Ratnamani Metals & Tubes Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 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 standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:

# Independent Auditors' Report

- (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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with

Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – refer note-27 to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. The Company has provided requisite disclosures in note-36 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

**FOR S R B C & CO LLP**  
**Chartered Accountants**

ICAI Firm registration number: 324982E/E300003

**PER ARPIT K. PATEL**  
**Partner**

Membership No.: 34032

Place : Ahmedabad

Date : May 17, 2017

**FOR MEHTA LODHA & CO.**  
**Chartered Accountants**

ICAI Firm registration number: 106250W

**PER PRAKASH D. SHAH**  
**Partner**

Membership No.: 34363

Place : Ahmedabad

Date : May 17, 2017

# Annexure-1 to Independent Auditors' Report

## **Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date for the year ended March 31, 2017**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2017 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of steel tubes and pipes, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

## Annexure-1 to Independent Auditors' Report

- (c) According to the records of the Company, the dues outstanding of income-tax, service tax, value added tax, sales tax, excise duty and employee state insurance scheme on account of any dispute, are as follows:

| Name of the Statute                 | Nature of the dues      | ₹ (in lacs)           | Period to which the amount relates | Forum where the dispute is pending                |
|-------------------------------------|-------------------------|-----------------------|------------------------------------|---------------------------------------------------|
| Central Excise Act, 1944            | Excise Duty and Penalty | 8.76                  | March 2010 to April 2010           | Central Excise and Service Tax Appellate Tribunal |
|                                     |                         | 3,244.04 <sup>#</sup> | March 2005 to November 2007        | Central Excise and Service Tax Appellate Tribunal |
|                                     |                         | 7.57                  | April 2012 to March 2013           | Assistant Commissioner, Anjar                     |
|                                     |                         | 10.54                 | April 2015 to March 2016           | Commissioner (Appeals)                            |
| The Finance Act (Service Tax), 1994 | Service Tax             | 11.26                 | April 2006 to March 2007           | Central Excise and Service Tax Appellate Tribunal |
| Employee State Insurance Scheme     | Tax                     | 322.31                | November 1991 to March 2017        | Hon'ble High Court of Gujarat                     |
| Income Tax Act, 1961                | Income Tax              | 0.60                  | Assessment year 2012-13            | Income Tax Appellate Tribunal                     |
|                                     |                         | 178.10 <sup>*</sup>   | Assessment year 2013-14 to 2014-15 | Commissioner of Income Tax (Appeals)              |
| Central Sales Tax Act, 1965         | Tax                     | 73.96                 | April 2008 to March 2011           | Appellate Tribunal                                |
|                                     |                         | 30.77                 | April 2011 to March 2012           | Dy. Commissioner (Appeals)                        |
| Gujarat Value Added Tax, 2003       | Tax and Interest        | 204.43                | April 2010 to March 2012           | Dy. Commissioner (Appeals)                        |

<sup>#</sup> Net of ₹ 200 lacs paid under protest.

<sup>\*</sup> Net of ₹ 100 lacs paid under protest.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or to the government or dues to debentures holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud/ material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

## Annexure-1 to Independent Auditors' Report

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential

allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**FOR S R B C & CO LLP**  
**Chartered Accountants**

ICAI Firm registration number: 324982E/E300003

**PER ARPIT K. PATEL**  
**Partner**

Membership No.: 34032

Place : Ahmedabad

Date : May 17, 2017

**FOR MEHTA LODHA & CO.**  
**Chartered Accountants**

ICAI Firm registration number: 106250W

**PER PRAKASH D. SHAH**  
**Partner**

Membership No.: 34363

Place : Ahmedabad

Date : May 17, 2017

## Annexure-2 to Independent Auditors' Report

**Annexure 2 referred to in Paragraph 2 of Report on Other Legal and Regulatory Requirements of our report of even date for the year ended March 31, 2017**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Ratnamani Metals & Tubes Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any

## Annexure-2 to Independent Auditors' Report

evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 S R B C & CO LLP Chartered Accountants

ICAI Firm registration number: 324982E/E300003

### PER ARPIT K. PATEL Partner

Membership No.: 34032

Place : Ahmedabad

Date : May 17, 2017

### FOR MEHTA LODHA & CO. Chartered Accountants

ICAI Firm registration number: 106250W

### PER PRAKASH D. SHAH Partner

Membership No.: 34363

Place : Ahmedabad

Date : May 17, 2017

# Balance Sheet

as at 31st March, 2017

| Particulars                                                             | Notes | (₹ in Lacs)         |                     |                     |
|-------------------------------------------------------------------------|-------|---------------------|---------------------|---------------------|
|                                                                         |       | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>ASSETS</b>                                                           |       |                     |                     |                     |
| <b>Non-current assets</b>                                               |       |                     |                     |                     |
| Property, plant and equipment                                           | 3     | 44,748.44           | 44,504.71           | 42,301.34           |
| Capital work-in-progress                                                | 3     | 3,830.93            | 4,765.64            | 4,179.80            |
| Intangible assets                                                       | 3     | 62.40               | 94.65               | 166.50              |
| Financial assets                                                        | 4     |                     |                     |                     |
| (i) Investments                                                         |       | 6.19                | 6.19                | 6.19                |
| (ii) Loans                                                              |       | 9.26                | 8.56                | 10.01               |
| (iii) Other financial assets                                            |       | 397.70              | 396.39              | 379.53              |
| Other non-current assets                                                | 9     | 1,191.49            | 420.77              | 2,105.57            |
| <b>Total non-current assets</b>                                         |       | <b>50,246.41</b>    | <b>50,196.91</b>    | <b>49,148.94</b>    |
| <b>Current assets</b>                                                   |       |                     |                     |                     |
| Inventories                                                             | 5     | 33,909.83           | 29,472.97           | 34,308.87           |
| Financial assets                                                        |       |                     |                     |                     |
| (i) Investments                                                         | 4     | 7,383.08            | 2,421.83            | 2,235.48            |
| (ii) Trade receivables                                                  | 6     | 42,521.43           | 38,994.45           | 32,084.70           |
| (iii) Cash and cash equivalents                                         | 7     | 1,469.09            | 1,084.47            | 4,515.93            |
| (iv) Bank balances other than (iii) above                               | 8     | -                   | -                   | 3,053.00            |
| (v) Loans                                                               | 4     | 21.60               | 2,968.63            | 276.01              |
| (vi) Other financial assets                                             | 4     | 270.96              | 338.78              | 194.37              |
| Other current assets                                                    | 9     | 5,473.63            | 6,243.12            | 6,717.58            |
| <b>Total current assets</b>                                             |       | <b>91,049.62</b>    | <b>81,524.25</b>    | <b>83,385.94</b>    |
| <b>Total Assets</b>                                                     |       | <b>1,41,296.03</b>  | <b>1,31,721.16</b>  | <b>1,32,534.88</b>  |
| <b>EQUITY AND LIABILITIES</b>                                           |       |                     |                     |                     |
| <b>Equity</b>                                                           |       |                     |                     |                     |
| Equity share capital                                                    | 10    | 934.56              | 934.56              | 934.56              |
| Other equity                                                            | 11    |                     |                     |                     |
| (i) Securities premium                                                  |       | 2,279.06            | 2,279.06            | 2,279.06            |
| (ii) Retained earnings                                                  |       | 41,973.23           | 27,689.22           | 27,439.72           |
| (iii) Other reserves                                                    |       | 73,507.31           | 73,507.31           | 63,507.31           |
| <b>Total other equity</b>                                               |       | <b>1,17,759.60</b>  | <b>1,03,475.59</b>  | <b>93,226.09</b>    |
| <b>Total equity</b>                                                     |       | <b>1,18,694.16</b>  | <b>1,04,410.15</b>  | <b>94,160.65</b>    |
| <b>Liabilities</b>                                                      |       |                     |                     |                     |
| <b>Non-current liabilities</b>                                          |       |                     |                     |                     |
| Financial liabilities                                                   |       |                     |                     |                     |
| (i) Borrowings                                                          | 12    | -                   | -                   | 832.72              |
| Provisions                                                              | 17    | 81.03               | -                   | -                   |
| Deferred tax liabilities (net)                                          | 13    | 4,725.63            | 4,829.60            | 4,792.73            |
| <b>Total non-current liabilities</b>                                    |       | <b>4,806.66</b>     | <b>4,829.60</b>     | <b>5,625.45</b>     |
| <b>Current liabilities</b>                                              |       |                     |                     |                     |
| Financial liabilities                                                   |       |                     |                     |                     |
| (i) Borrowings                                                          | 12    | -                   | 1,430.90            | 11,949.53           |
| (ii) Trade payables                                                     | 14    | 11,710.52           | 12,254.04           | 12,674.45           |
| (iii) Other financial liabilities                                       | 15    | 786.45              | 2,279.03            | 1,706.49            |
| Other current liabilities                                               | 16    | 4,049.80            | 4,347.31            | 5,313.64            |
| Provisions                                                              | 17    | 568.18              | 304.03              | 252.91              |
| Current tax liabilities (net)                                           | 18    | 680.26              | 1,866.10            | 851.76              |
| <b>Total current liabilities</b>                                        |       | <b>17,795.21</b>    | <b>22,481.41</b>    | <b>32,748.78</b>    |
| <b>Total Equity and Liabilities</b>                                     |       | <b>1,41,296.03</b>  | <b>1,31,721.16</b>  | <b>1,32,534.88</b>  |
| Summary of significant accounting policies                              | 2.1   |                     |                     |                     |
| The accompanying notes are an integral part of the financial statements |       |                     |                     |                     |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Mehta Lodha & Co.**  
 Chartered Accountants  
 ICAI Firm Registration No: 106250W  
**per PRAKASH D. SHAH**  
 Partner  
 Membership No. 34363

**For S R B C & Co. LLP**  
 Chartered Accountants  
 ICAI Firm Registration No: 324982E/E300003  
**per ARPIT K. PATEL**  
 Partner  
 Membership No. 34032

**For Ratnamani Metals & Tubes Limited**

**P. M. SANGHVI**  
 Chairman and  
 Managing Director  
**S. M. SANGHVI**  
 Whole Time Director  
**DR. V. M. AGRAWAL**  
 Director  
**NIDHI GADHECHA**  
 Director  
**VIMAL KATTA**  
 Chief Financial Officer  
 Place : Ahmedabad  
 Date : 17th May, 2017

**J. M. SANGHVI**  
 Whole Time  
 Director  
**D. C. ANJARIA**  
 Director  
**P. M. MEHTA**  
 Director  
**JIGAR SHAH**  
 Company Secretary

Place : Ahmedabad  
 Date : 17th May, 2017

# Statement of Profit and Loss

for the year ended on 31st March, 2017

| Particulars                                                                                   | Notes | ₹ in Lacs                |                          |
|-----------------------------------------------------------------------------------------------|-------|--------------------------|--------------------------|
|                                                                                               |       | Year Ended<br>31-03-2017 | Year Ended<br>31-03-2016 |
| <b>Income</b>                                                                                 |       |                          |                          |
| Revenue from operations                                                                       | 19    | 1,47,605.20              | 1,81,833.51              |
| Other income                                                                                  | 20    | 1,387.65                 | 1,748.75                 |
| <b>Total income</b>                                                                           |       | <b>1,48,992.85</b>       | <b>1,83,582.26</b>       |
| <b>Expenses</b>                                                                               |       |                          |                          |
| Cost of raw materials and components consumed                                                 | 21    | 91,307.38                | 1,06,461.50              |
| Purchase of stock-in-trade                                                                    |       | 584.10                   | 161.86                   |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade                 | 22    | (3,841.84)               | 6,419.93                 |
| Excise duty on sales                                                                          |       | 6,439.21                 | 10,067.25                |
| Employee benefits expenses                                                                    | 23    | 9,781.69                 | 9,996.18                 |
| Finance costs                                                                                 | 24    | 606.84                   | 599.02                   |
| Depreciation and amortisation expenses                                                        | 3     | 5,969.85                 | 5,677.22                 |
| Other expenses                                                                                | 25    | 17,600.04                | 20,169.67                |
| <b>Total expenses</b>                                                                         |       | <b>1,28,447.27</b>       | <b>1,59,552.63</b>       |
| <b>Profit before tax</b>                                                                      |       | <b>20,545.58</b>         | <b>24,029.63</b>         |
| <b>Tax expense</b>                                                                            |       |                          |                          |
| Current tax                                                                                   | 13    | 6,371.83                 | 7,657.15                 |
| Excess provision for current tax of earlier years                                             |       | (152.19)                 | (186.43)                 |
| Deferred tax                                                                                  | 13    | (103.97)                 | 36.87                    |
| <b>Total tax expense</b>                                                                      |       | <b>6,115.67</b>          | <b>7,507.59</b>          |
| <b>Profit for the year</b>                                                                    |       | <b>14,429.91</b>         | <b>16,522.04</b>         |
| <b>Other comprehensive income</b>                                                             |       |                          |                          |
| A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods: |       |                          |                          |
| Re-measurement loss on defined benefit plans                                                  |       | (223.11)                 | (131.61)                 |
| Income tax effect                                                                             | 13    | 77.21                    | 45.55                    |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods |       | (145.90)                 | (86.06)                  |
| Other comprehensive income for the year, net of tax                                           |       | (145.90)                 | (86.06)                  |
| <b>Total comprehensive income for the year, net of tax</b>                                    |       | <b>14,284.01</b>         | <b>16,435.98</b>         |
| Earnings per equity share                                                                     | 31    |                          |                          |
| [nominal value per share ₹ 2/- (March 31, 2016: ₹ 2/- )]                                      |       |                          |                          |
| Basic & Diluted                                                                               |       | 30.88                    | 35.36                    |
| Summary of significant accounting policies                                                    | 2.1   |                          |                          |
| The accompanying notes are an integral part of the financial statements                       |       |                          |                          |

As per our report of even date

**For Mehta Lodha & Co.**

Chartered Accountants

ICAI Firm Registration No: 106250W

**per PRAKASH D. SHAH**

Partner

Membership No. 34363

**For S R B C & Co. LLP**

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

**per ARPIT K. PATEL**

Partner

Membership No. 34032

**For Ratnamani Metals & Tubes Limited**

**P. M. SANGHVI**

Chairman and  
Managing Director

**S. M. SANGHVI**

Whole Time Director

**DR. V. M. AGRAWAL**

Director

**NIDHI GADHECHA**

Director

**VIMAL KATTA**

Chief Financial Officer

Place : Ahmedabad

Date : 17th May, 2017

**J. M. SANGHVI**

Whole Time  
Director

**D. C. ANJARIA**

Director

**P. M. MEHTA**

Director

**JIGAR SHAH**

Company Secretary

Place : Ahmedabad

Date : 17th May, 2017

# Statement of Change in Equity

for the year ended on 31st March, 2017

## A. Equity Share Capital

| Equity shares of ₹ 2 each issued, subscribed and fully paid | No. in Lacs   | ₹ in Lacs     |
|-------------------------------------------------------------|---------------|---------------|
| As at 1st April, 2015                                       | 467.28        | 934.56        |
| Issue of Equity Share Capital                               | -             | -             |
| As at 31st March, 2016                                      | 467.28        | 934.56        |
| Issue of Equity Share Capital                               | -             | -             |
| <b>As at 31st March, 2017</b>                               | <b>467.28</b> | <b>934.56</b> |

## B. Other Equity

(₹ in Lacs)

| Particulars                                                                  | Reserves & Surplus |                 |                      |                  |                   |                    |
|------------------------------------------------------------------------------|--------------------|-----------------|----------------------|------------------|-------------------|--------------------|
|                                                                              | Securities Premium | Capital Reserve | Amalgamation Reserve | General Reserve  | Retained Earnings | Total Other Equity |
| As at 1st April, 2015                                                        | 2,279.06           | 490.04          | 392.11               | 62,625.16        | 27,439.72         | 93,226.09          |
| Profit for the year                                                          | -                  | -               | -                    | -                | 16,522.04         | 16,522.04          |
| Other Comprehensive Income<br>(Re-measurement loss on defined benefit plans) | -                  | -               | -                    | -                | (86.06)           | (86.06)            |
| Total Comprehensive Income                                                   | -                  | -               | -                    | -                | 16,435.98         | 16,435.98          |
| Transfer to General Reserves                                                 | -                  | -               | -                    | 10,000.00        | (10,000.00)       | -                  |
| Cash Dividend<br>(refer note-11)                                             | -                  | -               | -                    | -                | (5,140.08)        | (5,140.08)         |
| Dividend Distribution Tax<br>(refer note-11)                                 | -                  | -               | -                    | -                | (1,046.40)        | (1,046.40)         |
| As at 31st March, 2016                                                       | 2,279.06           | 490.04          | 392.11               | 72,625.16        | 27,689.22         | 1,03,475.59        |
| Profit for the year                                                          | -                  | -               | -                    | -                | 14,429.91         | 14,429.91          |
| Other Comprehensive Income<br>(Re-measurement loss on defined benefit plans) | -                  | -               | -                    | -                | (145.90)          | (145.90)           |
| Total Comprehensive Income                                                   | -                  | -               | -                    | -                | 14,284.01         | 14,284.01          |
| <b>As at 31st March, 2017</b>                                                | <b>2,279.06</b>    | <b>490.04</b>   | <b>392.11</b>        | <b>72,625.16</b> | <b>41,973.23</b>  | <b>1,17,759.60</b> |

As per our report of even date

**For Mehta Lodha & Co.**

Chartered Accountants

ICAI Firm Registration No: 106250W

**per PRAKASH D. SHAH**

Partner

Membership No. 34363

**For S R B C & Co. LLP**

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

**per ARPIT K. PATEL**

Partner

Membership No. 34032

**For Ratnamani Metals & Tubes Limited**

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Chief Financial Officer

Place : Ahmedabad

Date : 17th May, 2017

**J. M. SANGHVI**

Whole Time  
Director

**D. C. ANJARIA**

Director

**P. M. MEHTA**

Director

**JIGAR SHAH**

Company Secretary

Place : Ahmedabad

Date : 17th May, 2017

# Cash Flow Statement

for the year ended on 31st March, 2017

(₹ in Lacs)

| Particulars                                                                                   | Year ended<br>31-03-2017 | Year ended<br>31-03-2016 |
|-----------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>                                                 |                          |                          |
| Profit before tax                                                                             | 20,545.58                | 24,029.63                |
| Adjustments to reconcile profit before tax to net cash flows:                                 |                          |                          |
| (Gain)/Loss on Sale/Discard of property, plant and equipment & Capital Work-in-Progress (net) | 13.78                    | 152.69                   |
| Depreciation of property, plant and equipment                                                 | 5,937.60                 | 5,604.79                 |
| Amortisation of intangible assets                                                             | 32.25                    | 72.43                    |
| Dividend income                                                                               | (167.92)                 | (197.49)                 |
| Finance income (including fair value changes in financial instruments)                        | (1,387.65)               | (1,935.10)               |
| Unrealised foreign exchange loss                                                              | 123.83                   | 97.81                    |
| Excess provision & sundry balances written back                                               | -                        | (47.61)                  |
| Finance costs (including fair value changes in financial instruments)                         | 412.83                   | 292.06                   |
| Re-measurement loss on defined benefit plans                                                  | (145.90)                 | (86.06)                  |
| <b>Operating Profit before working capital changes</b>                                        | <b>25,364.40</b>         | <b>27,983.15</b>         |
| Working capital adjustments:                                                                  |                          |                          |
| Decrease/(Increase) in trade receivables                                                      | (3,526.98)               | (6,862.14)               |
| Decrease/(Increase) in inventories                                                            | (4,436.86)               | 4,835.90                 |
| Decrease/(Increase) in current loans                                                          | 2,947.03                 | (2,692.62)               |
| Decrease/(Increase) in non current loans                                                      | (0.70)                   | 1.45                     |
| Decrease/(Increase) in other current financial assets                                         | 86.15                    | (246.56)                 |
| Decrease/(Increase) in other non-current financial assets                                     | (1.31)                   | (16.86)                  |
| Decrease/(Increase) in other current non-financial assets                                     | 769.49                   | 474.46                   |
| (Decrease)/Increase in trade payables                                                         | (543.52)                 | (420.41)                 |
| (Decrease)/Increase in other current liabilities                                              | (297.51)                 | (966.33)                 |
| (Decrease)/Increase in other current financial liabilities                                    | (29.00)                  | 56.34                    |
| (Increase) in other non current Asset                                                         | (20.00)                  | -                        |
| Increase in provisions                                                                        | 345.18                   | 51.12                    |
| <b>Cash generated from operations</b>                                                         | <b>20,656.37</b>         | <b>22,197.50</b>         |
| Direct taxes paid (net)                                                                       | (7,408.10)               | (6,624.94)               |
| <b>Net Cash (used in)/generated from operating activities</b>                                 | <b>13,248.27</b>         | <b>15,572.56</b>         |
| <b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>                                                 |                          |                          |
| Purchase of fixed assets, including CWIP and capital advances                                 | (6,611.70)               | (6,182.09)               |
| Proceeds from sale of fixed assets                                                            | 55.16                    | 54.09                    |
| Sales / (Purchase) of investments (net)                                                       | (4,961.25)               | -                        |
| Redemption/maturity of bank deposits<br>(having original maturity of more than three months)  | -                        | 3,053.00                 |
| Dividend income                                                                               | 167.92                   | 197.49                   |
| Interest income                                                                               | 1,369.32                 | 1,850.90                 |
| <b>Net Cash (used in)/generated from investing activities</b>                                 | <b>(9,980.55)</b>        | <b>(1,026.61)</b>        |

# Cash Flow Statement

for the year ended on 31st March, 2017

| Particulars                                                                         | ( ₹ in Lacs)             |                          |
|-------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                                     | Year ended<br>31-03-2017 | Year ended<br>31-03-2016 |
| <b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>                                       |                          |                          |
| Repayment of long term borrowings                                                   | (902.52)                 | (870.51)                 |
| Short term borrowings (net)                                                         | (1,430.90)               | (10,518.63)              |
| Dividend paid                                                                       | -                        | (5,140.08)               |
| Dividend distribution tax on dividend                                               | -                        | (1,046.40)               |
| Interest paid                                                                       | (425.85)                 | (303.98)                 |
| <b>Net Cash (used in)/generated from financing activities</b>                       | <b>(2,759.27)</b>        | <b>(17,879.60)</b>       |
| <b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>                        | <b>508.45</b>            | <b>(3,333.65)</b>        |
| Effect of exchange difference on Cash and Cash equivalents held in foreign currency | (123.83)                 | (97.81)                  |
| Cash and Cash Equivalents at the beginning of the year                              | 1,084.47                 | 4,515.93                 |
| <b>Cash and Cash Equivalents at the end of the year (refer note-7)</b>              | <b>1,469.09</b>          | <b>1,084.47</b>          |

As per our report of even date

**For Mehta Lodha & Co.**

Chartered Accountants

ICAI Firm Registration No: 106250W

**per PRAKASH D. SHAH**

Partner

Membership No. 34363

**For S R B C & Co. LLP**

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

**per ARPIT K. PATEL**

Partner

Membership No. 34032

**For Ratnamani Metals & Tubes Limited**

**P. M. SANGHVI**

Chairman and  
Managing Director

**S. M. SANGHVI**

Whole Time Director

**DR. V. M. AGRAWAL**

Director

**NIDHI GADHECHA**

Director

**VIMAL KATTA**

Chief Financial Officer

Place : Ahmedabad

Date : 17th May, 2017

**J. M. SANGHVI**

Whole Time  
Director

**D. C. ANJARIA**

Director

**P. M. MEHTA**

Director

**JIGAR SHAH**

Company Secretary

Place : Ahmedabad

Date : 17th May, 2017

# Notes to Financial Statements

for the year ended on 31st March, 2017

## 1 CORPORATE INFORMATION :

Ratnamani Metals & Tubes Limited (the "Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The registered office of the Company is located at 17, Rajmugat Society, Naranpura Char Rasta, Naranpura, Ahmedabad, Gujarat. The Company is engaged in the manufacturing of stainless steel pipes and tubes and carbon steel pipes at Kutch, Indrad and Chhatral in the state of Gujarat. The Company caters to both domestic and international markets.

The financial statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 17th May 2017.

## 2 BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act, 2013 (the "Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31st March 2017 are the first the Company has prepared in accordance with Ind AS. Refer note-37 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value. Refer accounting policy regarding financial instruments.

The financial statements are presented in ₹ and all values are rounded to the nearest Lacs (₹ 00,000), except where otherwise indicated.

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### a CURRENT VERSUS NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve month as its operating cycle.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## **b FOREIGN CURRENCIES:**

The Company's financial statements are presented in ₹, which is also the Company's functional currency.

### **Transactions and balances**

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rates prevailing on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are restated in the functional currency at the exchange rates prevailing on the reporting date of financial statements.

Exchange differences arising on settlement of such transactions and on translation of monetary items are recognised in the Statement of Profit and Loss with the exception stated under note-37 whereby the exchange differences arising on long-term foreign currency monetary items related to acquisition of PPE recognised in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. 31st March, 2016 are capitalised / decapitalised to cost of PPE and depreciated over the remaining useful life of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions.

## **c FAIR VALUE MEASUREMENT :**

The Company measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing

# Notes to Financial Statements

for the year ended on 31st March, 2017

categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative financial instruments and unquoted financial assets measured at fair value, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant accounting judgements, estimates and assumptions (refer note-33 and 34)
- Quantitative disclosures of fair value measurement hierarchy (refer note-33.2)
- Financial instruments (including those carried at amortised cost) (refer note-33.2)

## **d PROPERTY, PLANT AND EQUIPMENT (PPE):**

On the date of transition, the Company has elected to continue with the previous GAAP's carrying amount as deemed cost to measure all the items of property, plant and equipment.

PPE and Capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhauling is performed, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of parts replaced, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

# Notes to Financial Statements

for the year ended on 31st March, 2017

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items, outstanding in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial statements i.e. 31st March, 2016 and pertaining to the acquisition of a depreciable asset, to the cost of the asset and depreciates the same over the remaining life of the asset.

CWIP comprises of cost of PPE that are yet not installed and not ready for their intended use at the Balance Sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if applicable.

The Company calculates depreciation on items of property, plant and equipment on a straight-line basis using the rates arrived at based on the useful lives defined under Schedule II of the Companies Act, 2013, except in respect of following fixed assets:

- (i) Long Term Lease hold land is amortised over a period of 99 years, being the lease term.
- (ii) Furnace and X-ray machines are depreciated at an annual rate of 20% to bring the depreciation rates in line with the useful life of assets as estimated by the Technical Team of the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

## **e INTANGIBLE ASSETS:**

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets in the form of softwares are amortised on a straight-line basis over six years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

## **f IMPAIRMENT OF NON-FINANCIAL ASSETS:**

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## **g BORROWING COSTS:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## h LEASES:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Company as a lessee :

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. A leased asset is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## i. FINANCIAL INSTRUMENTS:

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

### Financial assets

#### Initial recognition and measurement

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

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments - measured at amortised cost
- Debt instruments, derivatives and equity instruments - measured at fair value through Profit and Loss (FVTPL)
- Equity instruments - measured at fair value through other comprehensive income (FVTOCI)

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade, loans and other receivables.

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## Equity investments

Investments in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements. All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial guarantee contracts which are not measured at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

# Notes to Financial Statements

for the year ended on 31st March, 2017

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

## **Financial assets measured at amortised cost:**

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of Profit and Loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including cash credit facilities from banks and derivative financial instruments.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through Statement of Profit and Loss.**

Financial liabilities at fair value through Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through statement of Profit and Loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability at FVTPL.

### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

# Notes to Financial Statements

for the year ended on 31st March, 2017

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings.

## Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value through Statement of Profit and Loss (FVTPL), adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

## Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## j INVENTORIES:

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, wherever considered necessary. However, materials and other items held for use in the production of inventories 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. Scrap is valued at net realisable value. Cost is determined on a Weighted Average method.

Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, incurred in bringing them in their respective present location and condition. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## **k REVENUE:**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

### **i) Sale of Goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of VAT/ CST, trade discounts & other taxes, adjustments for late delivery charges and material returned/ rejected.

- ii) The Company accounts for pro forma credits, refunds of duty of customs or excise, or refunds of sales tax in the year of admission of such claims by the concerned authorities. Benefits in respect of Export Licenses are recognised on application. Export benefits are accounted for as other operating income in the year of export based on eligibility and when there is no uncertainty on receiving the same.
- iii) Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.
- iv) Interest Income is recognized on time proportion basis taking into account the amounts outstanding and the rates applicable. Interest income is included under the head "other income" in the Statement of Profit and Loss.
- v) Revenue from windmills is recognised on unit generation basis.

## **I RETIREMENT AND OTHER EMPLOYEE BENEFITS:**

Retirement benefits in the form of provident fund and superannuation fund are defined contribution plans. The Company has no obligation, other than the contributions payable to provident fund and superannuation fund. The Company recognises contribution payable to these funds as an expense, when an employee renders the related service.

In respect of gratuity liability, the Company operates defined benefit plan wherein contributions are made to a separately administered fund. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each reporting date being carried out using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised

# Notes to Financial Statements

for the year ended on 31st March, 2017

immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs; and
- Net interest expense or income

The liability in respect of unused leave entitlement of the employees as at the reporting date is determined on the basis of an independent actuarial valuation carried out and the liability is recognized in the Statement of Profit and Loss. The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Actuarial gain and loss is recognise in full in the period in which they occur in the Statement of Profit and Loss.

## **m TAXES:**

### **Current income tax:**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred Tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit and Loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against the deductible temporary differences, except:

- When the deferred tax asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the

# Notes to Financial Statements

for the year ended on 31st March, 2017

deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

## **n PROVISIONS:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

## **o DERIVATIVE FINANCIAL INSTRUMENTS:**

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, cross currency swaps, options, interest rate futures and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value through the Statement of Profit and Loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument are classified in the Statement of Profit and Loss and reported with foreign exchange gains/(loss) not within results from operating activities. Changes in fair value and gains/(losses) on settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedge are recorded as finance cost.

## **p EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

## **q CASH AND CASH EQUIVALENT:**

Cash and cash equivalents in the Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of charges in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## **r CASH DIVIDEND:**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the

# Notes to Financial Statements

for the year ended on 31st March, 2017

Company. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## 2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (a) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note-26.

#### (b) Fair value measurement for financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. refer note-33 and 34 for further disclosures.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## Note No.-3 Property, Plant and Equipment, Intangible Assets and Capital work-in-progress

### (a) Property, Plant and Equipment

| Particulars                                     | Leasehold land | Freehold land | Buildings | Plant & Machinery | Furniture & fixture | Vehicles | Office equipment | Total     |
|-------------------------------------------------|----------------|---------------|-----------|-------------------|---------------------|----------|------------------|-----------|
| <b>Cost</b>                                     |                |               |           |                   |                     |          |                  |           |
| As at 1st April, 2015                           | 27.60          | 196.92        | 9,435.14  | 31,276.00         | 414.97              | 746.59   | 204.12           | 42,301.34 |
| Additions                                       | -              | 270.00        | 407.96    | 6,489.76          | 10.67               | 683.28   | 64.14            | 7,925.81  |
| Deductions / Capitalisation                     | -              | -             | 475.49    | 8.56              | -                   | 140.01   | 0.88             | 624.94    |
| Foreign Exchange differences                    | -              | -             | -         | 89.13             | -                   | -        | -                | 89.13     |
| As at 31st March, 2016                          | 27.60          | 466.92        | 9,367.61  | 37,846.33         | 425.64              | 1,289.86 | 267.38           | 49,691.34 |
| Additions                                       | -              | 1,102.26      | 383.27    | 4,506.68          | 1.48                | 195.35   | 40.23            | 6,229.27  |
| Deductions / Capitalisation                     | -              | -             | -         | 27.18             | -                   | 84.28    | 15.78            | 127.24    |
| Foreign Exchange differences                    | -              | -             | -         | 21.00             | -                   | -        | -                | 21.00     |
| As at 31st March, 2017                          | 27.60          | 1,569.18      | 9,750.88  | 42,346.83         | 427.12              | 1,400.93 | 291.83           | 55,814.37 |
| <b>Depreciation/Amortization and Impairment</b> |                |               |           |                   |                     |          |                  |           |
| As at 1st April, 2015                           | -              | -             | -         | -                 | -                   | -        | -                | -         |
| Depreciation/Amortization for the year          | 0.35           | -             | 491.93    | 4,794.77          | 83.11               | 164.89   | 69.74            | 5,604.79  |
| Deductions                                      | -              | -             | 305.32    | 8.52              | -                   | 104.01   | 0.31             | 418.16    |
| As at 31st March, 2016                          | 0.35           | -             | 186.61    | 4,786.25          | 83.11               | 60.88    | 69.43            | 5,186.63  |
| Depreciation/Amortization for the year          | 0.35           | -             | 534.06    | 5,056.23          | 81.16               | 203.16   | 62.64            | 5,937.60  |
| Deductions                                      | -              | -             | -         | 0.02              | -                   | 55.06    | 3.22             | 58.30     |
| As at 31st March, 2017                          | 0.70           | -             | 720.67    | 9,842.46          | 164.27              | 208.98   | 128.85           | 11,065.93 |
| <b>Net Block</b>                                |                |               |           |                   |                     |          |                  |           |
| As at 31st March, 2017                          | 26.90          | 1,569.18      | 9,030.21  | 32,504.37         | 262.85              | 1,191.95 | 162.98           | 44,748.44 |
| As at 31st March, 2016                          | 27.25          | 466.92        | 9,181.00  | 33,060.08         | 342.53              | 1,228.98 | 197.95           | 44,504.71 |
| As at 1st April, 2015                           | 27.60          | 196.92        | 9,435.14  | 31,276.00         | 414.97              | 746.59   | 204.12           | 42,301.34 |

Buildings includes ₹ 47.80 Lacs (31st March, 2016 ₹ 47.80 Lacs and 1st April, 2015 ₹ 47.80 Lacs) representing cost of unquoted fully paid shares held in co-operative housing societies.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## (b) Intangible Assets (₹ in Lacs)

| Particulars                        | Software |
|------------------------------------|----------|
| <b>Cost</b>                        |          |
| As at 1st April, 2015              | 166.50   |
| Additions                          | 0.58     |
| As at 31st March, 2016             | 167.08   |
| Additions \ Deductions             | -        |
| As at 31st March, 2017             | 167.08   |
| <b>Amortisation and Impairment</b> |          |
| As at 1st April, 2015              | -        |
| Amortisation for the year          | 72.43    |
| As at 31st March, 2016             | 72.43    |
| Amortisation for the year          | 32.25    |
| As at 31st March, 2017             | 104.68   |
| <b>Net Block</b>                   |          |
| As at 31st March, 2017             | 62.40    |
| As at 31st March, 2016             | 94.65    |
| As at 1st April, 2015              | 166.50   |

## (c) Capital work-in-progress

| Particulars            | ₹ in Lacs |
|------------------------|-----------|
| As at 31st March, 2017 | 3,830.93  |
| As at 31st March, 2016 | 4,765.64  |
| As at 1st April, 2015  | 4,179.80  |

# Notes to Financial Statements

for the year ended on 31st March, 2017

| Note No. | Particulars                                                                                                                                                                                   | (₹ in Lacs)         |                     |                     |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|          |                                                                                                                                                                                               | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>4</b> | <b>FINANCIAL ASSETS</b>                                                                                                                                                                       |                     |                     |                     |
|          | <b>Investments</b>                                                                                                                                                                            |                     |                     |                     |
|          | <b>Trade Investments (at Cost)</b>                                                                                                                                                            |                     |                     |                     |
|          | Investment in unquoted Equity Shares of Subsidiary Company<br>10,000 (31st March, 2016 10,000, on 1st April, 2015 10,000)<br>Equity Shares of USD 1 each fully paid-up in Ratnamani Inc., USA | 6.08                | 6.08                | 6.08                |
|          | <b>Non-Trade Investments</b>                                                                                                                                                                  |                     |                     |                     |
|          | Investments in Mutual Funds (Quoted) (at fair value through profit and loss)                                                                                                                  |                     |                     |                     |
|          | Nil (31st March, 2016 1,00,00,000, on 1st April, 2015 1,00,00,000) Units of ₹ 10 each in SBI- L383G SDFS-366 Days 48-Reg-Growth                                                               | -                   | 1,214.11            | 1,117.74            |
|          | Nil (31st March, 2016 1,00,00,000, on 1st April, 2015 1,00,00,000) Units of ₹ 10 each in SBI- L390G SDFS-16 Months1-Reg-Growth                                                                | -                   | 1,207.72            | 1,117.74            |
|          | 2,12,26,803.084 (31st March, 2016 Nil, on 1st April, 2015 Nil) Units of ₹ 10 each in SBI Short Term Debt Fund - Direct Plan - Growth                                                          | 4,082.17            | -                   | -                   |
|          | 49,378.787 (31st March, 2016 Nil, on 1st April, 2015 Nil) L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan                                                                      | 500.15              | -                   | -                   |
|          | 279,168.56 (31st March, 2016 Nil, on 1st April, 2015 Nil) SBI-Premier Liquid Fund Daily Dividend Option                                                                                       | 2,800.76            | -                   | -                   |
|          | <b>Other unquoted investments in Government Securities (At Amortised cost)</b>                                                                                                                |                     |                     |                     |
|          | National saving certificates                                                                                                                                                                  | 0.11                | 0.11                | 0.11                |
|          |                                                                                                                                                                                               | 7,389.27            | 2,428.02            | 2,241.67            |
|          | Current                                                                                                                                                                                       | 7,383.08            | 2,421.83            | 2,235.48            |
|          | Non-Current                                                                                                                                                                                   | 6.19                | 6.19                | 6.19                |
|          |                                                                                                                                                                                               | 7,389.27            | 2,428.02            | 2,241.67            |
|          | Aggregate book value of Unquoted Investments                                                                                                                                                  | 6.19                | 6.19                | 6.19                |
|          | Aggregate book value of Quoted Mutual Funds                                                                                                                                                   | 7,383.08            | 2,421.83            | 2,235.48            |
|          |                                                                                                                                                                                               | 7,389.27            | 2,428.02            | 2,241.67            |
|          | <b>Loans (Unsecured, Considered Good)</b>                                                                                                                                                     |                     |                     |                     |
|          | Loans to employees                                                                                                                                                                            | 30.86               | 34.57               | 36.02               |
|          | Loans to others                                                                                                                                                                               | -                   | 2,942.62            | 250.00              |
|          |                                                                                                                                                                                               | 30.86               | 2,977.19            | 286.02              |
|          | Current                                                                                                                                                                                       | 21.60               | 2,968.63            | 276.01              |
|          | Non-Current                                                                                                                                                                                   | 9.26                | 8.56                | 10.01               |
|          |                                                                                                                                                                                               | 30.86               | 2,977.19            | 286.02              |
|          | <b>Other Financial Assets</b>                                                                                                                                                                 |                     |                     |                     |
|          | Interest accrued                                                                                                                                                                              | 63.76               | 45.43               | 147.58              |
|          | Security deposits                                                                                                                                                                             | 573.19              | 656.05              | 397.58              |
|          | Others                                                                                                                                                                                        | 31.71               | 33.69               | 28.74               |
|          |                                                                                                                                                                                               | 668.66              | 735.17              | 573.90              |
|          | Current                                                                                                                                                                                       | 270.96              | 338.78              | 194.37              |
|          | Non-Current                                                                                                                                                                                   | 397.70              | 396.39              | 379.53              |
|          |                                                                                                                                                                                               | 668.66              | 735.17              | 573.90              |

Loans are non-derivative financial assets which generate a fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

Fair value disclosures for financial assets and liabilities (refer note-33.1)

Fair value hierarchy disclosures for investment (refer note-33.2)

For Financial instruments risk management objectives and policies (refer note-34)

# Notes to Financial Statements

for the year ended on 31st March, 2017

| Note No. | Particulars                  | (₹ in Lacs)      |                  |                  |
|----------|------------------------------|------------------|------------------|------------------|
|          |                              | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
| <b>5</b> | <b>INVENTORIES</b>           |                  |                  |                  |
|          | <b>Raw materials</b>         |                  |                  |                  |
|          | Raw materials and components | 13,553.77        | 18,347.63        | 17,059.55        |
|          | Raw materials in transit     | 5,671.98         | 327.76           | 116.74           |
|          | Work-in-progress             | 12,252.31        | 7,531.77         | 13,750.45        |
|          | <b>Finished goods</b>        |                  |                  |                  |
|          | Finished goods               | 389.54           | 1,280.74         | 1,684.01         |
|          | Finished goods in transit    | 222.00           | 212.40           | -                |
|          | Scrap                        | 6.12             | 3.22             | 13.60            |
|          | Stores and spares            | 1,814.11         | 1,769.45         | 1,684.52         |
|          |                              | <b>33,909.83</b> | <b>29,472.97</b> | <b>34,308.87</b> |

| 6 | TRADE RECEIVABLES                                                            | (₹ in Lacs)      |                  |                  |
|---|------------------------------------------------------------------------------|------------------|------------------|------------------|
|   |                                                                              | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
|   | <b>Trade receivables</b>                                                     |                  |                  |                  |
|   | Secured, considered good                                                     | 18,092.22        | 8,174.13         | 6,758.79         |
|   | Unsecured, considered good                                                   | 24,354.89        | 29,896.76        | 25,179.50        |
|   | Unsecured, considered doubtful                                               | 147.57           | 93.55            | 141.16           |
|   | Receivables from related parties, unsecured, considered good (refer note-30) | 74.32            | 923.56           | 146.41           |
|   | <b>Total</b>                                                                 | <b>42,669.00</b> | <b>39,088.00</b> | <b>32,225.86</b> |
|   | Less: Allowance for doubtful debts                                           | 147.57           | 93.55            | 141.16           |
|   |                                                                              | <b>42,521.43</b> | <b>38,994.45</b> | <b>32,084.70</b> |

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

## Reconciliation of Allowance for doubtful debts

| Particulars                                                | Year ended 31-03-2017 | Year ended 31-03-2016 |
|------------------------------------------------------------|-----------------------|-----------------------|
| Balance at the beginning of the year                       | 93.55                 | 141.16                |
| Add: Allowance for the year                                | 108.75                | 67.99                 |
| (Less): Actual write off during the year (net of recovery) | (54.73)               | (115.60)              |
| <b>Balance at the end of the year</b>                      | <b>147.57</b>         | <b>93.55</b>          |

For terms and conditions relating to related party receivables, refer note-30

# Notes to Financial Statements

for the year ended on 31st March, 2017

| Note No. | Particulars                                             | (₹ in Lacs)         |                     |                     |
|----------|---------------------------------------------------------|---------------------|---------------------|---------------------|
|          |                                                         | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>7</b> | <b>CASH AND CASH EQUIVALENTS</b>                        |                     |                     |                     |
|          | <b>Balances with Banks</b>                              |                     |                     |                     |
|          | In Current accounts                                     | 1,358.40            | 939.64              | 1,029.13            |
|          | Deposits with original maturity of three months or less | -                   | -                   | 3,400.00            |
|          | Unpaid dividend accounts                                | 97.44               | 126.38              | 69.19               |
|          | Cash in hand                                            | 13.25               | 18.45               | 17.61               |
|          |                                                         | <b>1,469.09</b>     | <b>1,084.47</b>     | <b>4,515.93</b>     |

Short-term deposits are made for varying periods of between one day to three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

| 8 | OTHER BANK BALANCES                                       | (₹ in Lacs)         |                     |                     |
|---|-----------------------------------------------------------|---------------------|---------------------|---------------------|
|   |                                                           | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
|   | <b>Balances with Banks</b>                                |                     |                     |                     |
|   | Deposits with original maturity of more than three months | -                   | -                   | 3,053.00            |
|   |                                                           | <b>-</b>            | <b>-</b>            | <b>3,053.00</b>     |

| 9 | OTHER ASSETS                         | (₹ in Lacs)         |                     |                     |
|---|--------------------------------------|---------------------|---------------------|---------------------|
|   |                                      | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
|   | Capital advances                     | 855.04              | 106.94              | 1,960.30            |
|   | Investment in silver                 | 0.84                | 0.84                | 0.84                |
|   | Prepaid expense                      | 172.85              | 181.16              | 188.02              |
|   | Advance receivable in cash or kind   |                     |                     |                     |
|   | Advance for material                 | 1,034.07            | 1,640.68            | 1,020.51            |
|   | Excise claim receivables             | 783.95              | 537.66              | 1,119.79            |
|   | DEPB / export licenses               | 272.89              | 130.56              | 143.71              |
|   | Balances with Government authorities | 2,668.27            | 2,744.11            | 3,384.42            |
|   | Export benefits receivable           | 36.80               | 27.08               | 232.65              |
|   | Wind-Mill surplus receivable         | 120.81              | 73.65               | 39.92               |
|   | EPCG claim receivable                | -                   | 14.38               | 16.56               |
|   | Others                               | 403.99              | 893.84              | 572.00              |
|   |                                      | <b>5,320.78</b>     | <b>6,061.96</b>     | <b>6,529.56</b>     |
|   |                                      | <b>6,349.51</b>     | <b>6,350.90</b>     | <b>8,678.72</b>     |
|   | Non-Current tax assets (net)         | <b>315.61</b>       | <b>312.99</b>       | <b>144.43</b>       |
|   |                                      | <b>6,665.12</b>     | <b>6,663.89</b>     | <b>8,823.15</b>     |
|   | Current                              | <b>5,473.63</b>     | <b>6,243.12</b>     | <b>6,717.58</b>     |
|   | Non-Current                          | <b>1,191.49</b>     | <b>420.77</b>       | <b>2,105.57</b>     |
|   |                                      | <b>6,665.12</b>     | <b>6,663.89</b>     | <b>8,823.15</b>     |

# Notes to Financial Statements

for the year ended on 31st March, 2017

**Note  
No.**

## EQUITY SHARES

**No. in Lacs      ₹ in Lacs**

### 10 SHARE CAPITAL

Authorised Share Capital

As at 1st April, 2015

750.00      1,500.00

Increase/(decrease) during the year

-      -

As at 31st March, 2016

750.00      1,500.00

Increase/(decrease) during the year

-      -

As at 31st March, 2017

750.00      1,500.00

### Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2/- per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian ₹. The dividend proposed by the Board of Directors is subject to approval of the Shareholders at the ensuing Annual General Meeting.

For the current financial year 2016-17, the Company has proposed dividend of ₹ 5.50 per share to equity shareholder (declared in the previous financial year interim dividend of ₹ 5.50 per share)

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by Share holders.

### Issued Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

**No. in Lacs      ₹ in Lacs**

As at 1st April, 2015

467.28      934.56

Increase/(decrease) during the year

-      -

As at 31st March, 2016

467.28      934.56

Increase/(decrease) during the year

-      -

As at 31st March, 2017

467.28      934.56

### Details of Shareholders holding more than 5% Equity Shares in the Company

| Name of the Shareholder    | As at 31-03-2017 |        | As at 31-03-2016 |        |
|----------------------------|------------------|--------|------------------|--------|
|                            | No. of Shares    | % held | No. of Shares    | % held |
| Prakash M Sanghvi          | 54,26,690        | 11.61% | 54,26,690        | 11.61% |
| Nalanda India Fund Limited | 39,06,664        | 8.36%  | 39,06,664        | 8.36%  |
| Jayanti M Sanghvi          | 38,61,195        | 8.26%  | 38,61,195        | 8.26%  |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.

# Notes to Financial Statements

for the year ended on 31st March, 2017

(₹ in Lacs)

| Note No.  | Particulars                                                                                                                                                                                                                                                      | Amount           |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>11</b> | <b>OTHER EQUITY</b>                                                                                                                                                                                                                                              |                  |
|           | <b>Securities Premium</b>                                                                                                                                                                                                                                        |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 2,279.06         |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 2,279.06         |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>2,279.06</b>  |
|           | Securities premium reserve is used to record the premium on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act, 2013                                                                                               |                  |
|           | <b>OTHER RESERVES</b>                                                                                                                                                                                                                                            |                  |
|           | <b>Capital Reserve</b>                                                                                                                                                                                                                                           |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 490.04           |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 490.04           |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>490.04</b>    |
|           | Capital reserve is mainly used to record the reserves created on receipt of state/central subsidies and amounts forfeited towards the forfeited of Equity warrants issued. This reserve is utilised in accordance with the provisions of the Companies Act, 2013 |                  |
|           | <b>Amalgamation Reserve</b>                                                                                                                                                                                                                                      |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 392.11           |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 392.11           |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>392.11</b>    |
|           | Amalgamation reserve is used to record the reserves created on amalgamation of Ratnamani Engineering Ltd. and Ratnamani Fine Tubes Pvt. Ltd. This reserve is utilised in accordance with the provisions of the Companies Act, 2013                               |                  |
|           | <b>General Reserve</b>                                                                                                                                                                                                                                           |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 62,625.16        |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | 10,000.00        |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 72,625.16        |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>72,625.16</b> |
|           | <b>Total Other Reserves</b>                                                                                                                                                                                                                                      | <b>73,507.31</b> |

# Notes to Financial Statements

for the year ended on 31st March, 2017

|                                                                                                                             |  | (₹ in Lacs)         |                     |
|-----------------------------------------------------------------------------------------------------------------------------|--|---------------------|---------------------|
| <b>Distribution made and proposed</b>                                                                                       |  | As at<br>31-03-2017 | As at<br>31-03-2016 |
| <b>Cash dividend on equity shares declared and paid</b>                                                                     |  |                     |                     |
| Final dividend for the year ended 31st March, 2016: ₹ Nil per share (for the year ended 31st March, 2015: ₹ 5.50 per share) |  | -                   | 2,570.04            |
| Dividend distribution tax                                                                                                   |  | -                   | 523.20              |
|                                                                                                                             |  | -                   | 3,093.24            |
| Interim dividend for the year ended 31st March, 2016: ₹ 5.50 per share                                                      |  | -                   | 2,570.04            |
| Dividend distribution tax                                                                                                   |  | -                   | 523.20              |
|                                                                                                                             |  | -                   | 3,093.24            |
| <b>Proposed dividend on equity shares</b>                                                                                   |  |                     |                     |
| Final dividend for the year ended 31st March, 2017: ₹ 5.50 per share                                                        |  | 2,570.04            | -                   |
| Dividend distribution tax                                                                                                   |  | 523.20              | -                   |
|                                                                                                                             |  | 3,093.24            | -                   |
|                                                                                                                             |  | 3,093.24            | 6,186.48            |

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability (including dividend distribution tax thereon).

|           |                                                                                      | (₹ in Lacs)         |                     |                     |
|-----------|--------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| Note No.  | Particulars                                                                          | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>12</b> | <b>BORROWINGS</b>                                                                    |                     |                     |                     |
|           | <b>Long term Borrowing</b>                                                           |                     |                     |                     |
|           | External (Foreign) commercial borrowings (secured) (refer note-a)                    | -                   | 882.19              | 1,663.57            |
|           | Less:- Current maturity grouped as other current financial liability (refer note-15) | -                   | (882.19)            | (830.85)            |
|           |                                                                                      | -                   | -                   | 832.72              |
|           | <b>Short term Borrowings</b>                                                         |                     |                     |                     |
|           | Cash credit/export packing credit facilities (secured) (refer note-b)                | -                   | -                   | 58.19               |
|           | Buyer's credits in foreign currencies (secured) (refer note-b)                       | -                   | -                   | 2,144.04            |
|           | Sales bills discounted (unsecured) (refer note-c)                                    | -                   | 1,430.90            | 9,747.30            |
|           |                                                                                      | -                   | 1,430.90            | 11,949.53           |
|           | <b>Total Borrowings</b>                                                              | -                   | 1,430.90            | 12,782.25           |
|           | Current                                                                              | -                   | 1,430.90            | 11,949.53           |
|           | Non-Current                                                                          | -                   | -                   | 832.72              |
|           |                                                                                      | -                   | 1,430.90            | 12,782.25           |

- a External (Foreign) Commercial Borrowing of ₹ Nil (31st March, 2016 ₹ 882.19 Lacs and 1st April, 2015 ₹ 1,663.57 Lacs) from ICICI Bank Ltd. Hong Kong branch is carrying interest @ 6M Libor + 4.52% P.A. The loan is repayable in 12 half yearly instalments of USD 6,66,666.67 each from 22nd July, 2011. The loan is secured by an exclusive charge over movable assets in respect of 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No. 474, Village Bhimasar, Tal. Anjar, Dist. Kutch.
- b Short term Borrowings are secured by - i) Hypothecation of Inventories, Books Debts, all other movables; ii) Second charge on Fixed Assets of the Company except, a) 8 wind mills along with related equipments/

# Notes to Financial Statements

for the year ended on 31st March, 2017

machineries situated at Moti Sindholi, Kutch, Gujarat and, b) movable assets in respect of 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No.474,village Bhimasar, Tal. Anjar, Dist. Kutch; iii) Personal guarantees of Sh. Prakash M. Sanghvi, Chairman and Managing Director, Sh. Jayanti M. Sanghvi, Whole-time Director and Sh. Shanti M. Sanghvi, Whole-time Director, of the Company; iv) Joint equitable mortgage of all immovable properties held as free-hold and leasehold lands of the Company, except:

- a) Leasehold land related to 8 wind mills situated at Moti Sindholi, Kutch.
- b) Lease hold land situated at 3306-09, GIDC Chhatral, Taluka Kalol.
- c) Sales Bills discounted aggregating to ₹ NIL (31st March, 2016 ₹ 1,430.90 Lacs and 1st April, 2015 ₹ 9,747.30 Lacs) have recourse to the Company and carries interest in the range of 9.30% to 10.01% and have maturity period of 3 weeks to 3 months. Sales Bills Discounted from banks are secured by personal guarantee of Sh. Prakash M. Sanghvi, Chairman and Managing Director of the Company.

| Note No.  | Particulars                                                                                               | (₹ in Lacs)      |                  |
|-----------|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
|           |                                                                                                           | As at 31-03-2017 | As at 31-03-2016 |
| <b>13</b> | <b>INCOME TAX</b>                                                                                         |                  |                  |
|           | The major component of income tax expense for the years ended 31st March, 2017 and 31st March, 2016 are : |                  |                  |
|           | <b>Statement of Profit and Loss</b>                                                                       |                  |                  |
|           | <b>Current tax</b>                                                                                        |                  |                  |
|           | Current income tax                                                                                        | 6,371.83         | 7,657.15         |
|           | <b>Deferred tax</b>                                                                                       |                  |                  |
|           | Deferred tax expense/(benefit)                                                                            | (103.97)         | 36.87            |
|           | Tax in respect of earlier years                                                                           | (152.19)         | (186.43)         |
|           | <b>Income tax expense reported in the Statement of Profit and Loss</b>                                    | <b>6,115.67</b>  | <b>7,507.59</b>  |
|           | <b>Other comprehensive income (OCI)</b>                                                                   |                  |                  |
|           | <b>Deferred tax related to items recognised in OCI during the year</b>                                    |                  |                  |
|           | Re-measurement loss on defined benefit plans                                                              | 77.21            | 45.55            |
|           | <b>Deferred tax credited to OCI</b>                                                                       | <b>77.21</b>     | <b>45.55</b>     |

**a) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended 31st March, 2017 and 31st March, 2016:**

| Particulars                                                                                    | (₹ in Lacs)           |                       |
|------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                | Year Ended 31-03-2017 | Year Ended 31-03-2016 |
| <b>Accounting profit before tax</b>                                                            | <b>20,545.58</b>      | <b>24,029.63</b>      |
| Enacted income tax rate in India applicable to the Company                                     | 34.608%               | 34.608%               |
| Tax using the Company's domestic tax rate                                                      | 7,110.41              | 8,316.17              |
| <b>Tax effects of :</b>                                                                        |                       |                       |
| Exempt income                                                                                  | (58.11)               | (68.35)               |
| Deduction under chapter VIA                                                                    | (619.52)              | (394.53)              |
| Income tax allowances                                                                          | (215.98)              | -                     |
| Non-deductible expenses                                                                        | 86.05                 | 129.96                |
| Excess provision for current tax of earlier years                                              | (152.19)              | (186.43)              |
| Others                                                                                         | (34.99)               | (289.23)              |
| <b>At the effective income tax rate of 31st March, 2017: 29.77% (31st March, 2016: 31.24%)</b> | <b>6,115.67</b>       | <b>7,507.59</b>       |

# Notes to Financial Statements

for the year ended on 31st March, 2017

## b) Deferred Tax

(₹ in Lacs)

| Particulars                                           | Balance Sheet       |                     |                     | Statement of Profit and Loss |                          |
|-------------------------------------------------------|---------------------|---------------------|---------------------|------------------------------|--------------------------|
|                                                       | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 | Year ended<br>31-03-2017     | Year ended<br>31-03-2016 |
| Liability on accelerated depreciation for tax purpose | 4,822.02            | 4,892.90            | 4,876.17            | (70.88)                      | 16.73                    |
| Asset on expenses allowed in year of payment          | (92.42)             | (90.37)             | (99.67)             | (2.05)                       | 9.30                     |
| Other adjustments                                     | (3.97)              | 27.07               | 16.23               | (31.04)                      | 10.84                    |
|                                                       | 4,725.63            | 4,829.60            | 4,792.73            | (103.97)                     | 36.87                    |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31st March, 2016, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

## Note No. Particulars

(₹ in Lacs)

### 14 TRADE PAYABLES

Dues to micro, small and medium enterprises  
Dues to others

|                                             | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
|---------------------------------------------|---------------------|---------------------|---------------------|
| Dues to micro, small and medium enterprises | -                   | -                   | -                   |
| Dues to others                              | 11,710.52           | 12,254.04           | 12,674.45           |
|                                             | 11,710.52           | 12,254.04           | 12,674.45           |

There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosure have been made. The above information regarding Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

(₹ in Lacs)

### 15 OTHER CURRENT FINANCIAL LIABILITIES

Current maturity of long term borrowings (refer note-12)  
Interest accrued but not due  
Payables in respect of capital goods  
Unpaid dividend#  
Security deposits from employees

|                                                          | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
|----------------------------------------------------------|---------------------|---------------------|---------------------|
| Current maturity of long term borrowings (refer note-12) | -                   | 882.19              | 830.85              |
| Interest accrued but not due                             | -                   | 13.02               | 24.94               |
| Payables in respect of capital goods                     | 688.29              | 1,256.66            | 779.88              |
| Unpaid dividend#                                         | 97.44               | 126.38              | 69.19               |
| Security deposits from employees                         | 0.72                | 0.78                | 1.63                |
|                                                          | 786.45              | 2,279.03            | 1,706.49            |

# not due for credit to "Investors Education and Protection Fund"

for the year ended on 31st March, 2017

|                                               | As at<br>31-03-2017 | As at<br>31-03-2016 | (₹ in Lacs)<br>As at<br>01-04-2015 |
|-----------------------------------------------|---------------------|---------------------|------------------------------------|
| <b>18 CURRENT TAX LIABILITIES</b>             |                     |                     |                                    |
| Provision for Income tax (net of advance tax) | 680.26              | 1,866.10            | 851.76                             |
|                                               | 680.26              | 1,866.10            | 851.76                             |

# Notes to Financial Statements

for the year ended on 31st March, 2017

| Note No.  | Particulars                                     | (₹ in Lacs)           |                       |
|-----------|-------------------------------------------------|-----------------------|-----------------------|
|           |                                                 | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>19</b> | <b>REVENUE FROM OPERATIONS</b>                  |                       |                       |
|           | <b>Sale of products (including excise duty)</b> |                       |                       |
|           | Finished goods                                  | 1,41,123.87           | 1,75,580.45           |
|           | Traded goods                                    | 592.32                | 248.51                |
|           | <b>Total sale of products</b>                   | <b>1,41,716.19</b>    | <b>1,75,828.96</b>    |
|           | <b>Sale of power generated from Wind Mills</b>  | <b>828.94</b>         | <b>588.42</b>         |
|           | <b>Sale of services</b>                         |                       |                       |
|           | Sale of services                                | 1,144.38              | 622.80                |
|           | <b>Other operating revenue</b>                  |                       |                       |
|           | Scrap sales                                     | 3,063.37              | 3,243.73              |
|           | Others                                          | 852.32                | 1,549.60              |
|           |                                                 | <b>3,915.69</b>       | <b>4,793.33</b>       |
|           | <b>Total Revenue from operations</b>            | <b>1,47,605.20</b>    | <b>1,81,833.51</b>    |

| Note No.  | Particulars                                                                    | (₹ in Lacs)           |                       |
|-----------|--------------------------------------------------------------------------------|-----------------------|-----------------------|
|           |                                                                                | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>20</b> | <b>OTHER INCOME</b>                                                            |                       |                       |
|           | <b>Interest income on</b>                                                      |                       |                       |
|           | Inter corporate deposits                                                       | 456.22                | 425.03                |
|           | Bank deposits                                                                  | 0.42                  | 70.37                 |
|           | Others                                                                         | 444.93                | 761.97                |
|           | <b>Other non-operating income</b>                                              |                       |                       |
|           | Fair value gain on financial instruments at fair value through profit and loss | 216.93                | 186.35                |
|           | Bad debts recovered                                                            | -                     | 5.09                  |
|           | Excess provision for doubtful debts written back                               | -                     | 47.61                 |
|           | Sundry balances written back                                                   | 0.40                  | 1.94                  |
|           | Dividend income on current investments                                         | 167.92                | 197.49                |
|           | Miscellaneous income                                                           | 100.83                | 52.90                 |
|           |                                                                                | <b>1,387.65</b>       | <b>1,748.75</b>       |

| Note No.  | Particulars                                                   | (₹ in Lacs)           |                       |
|-----------|---------------------------------------------------------------|-----------------------|-----------------------|
|           |                                                               | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>21</b> | <b>COST OF RAW MATERIALS CONSUMED AND COMPONENTS CONSUMED</b> |                       |                       |
|           | Opening inventory                                             | 18,675.39             | 17,176.29             |
|           | Add: Purchases                                                | 91,857.74             | 1,07,960.60           |
|           |                                                               | <b>1,10,533.13</b>    | <b>1,25,136.89</b>    |
|           | Less: Closing inventory                                       | 19,225.75             | 18,675.39             |
|           | <b>Cost of raw materials and components consumed</b>          | <b>91,307.38</b>      | <b>1,06,461.50</b>    |

# Notes to Financial Statements

for the year ended on 31st March, 2017

| Note No.  | Particulars                                     | (₹ in Lacs)           |                       |
|-----------|-------------------------------------------------|-----------------------|-----------------------|
|           |                                                 | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>22</b> | <b>(INCREASE)/DECREASE IN INVENTORY</b>         |                       |                       |
|           | <b>Inventories at the end of the year</b>       |                       |                       |
|           | Work in process                                 | 12,252.31             | 7,531.77              |
|           | Finished goods                                  | 611.54                | 1,493.14              |
|           | Scrap                                           | 6.12                  | 3.22                  |
|           |                                                 | <b>12,869.97</b>      | <b>9,028.13</b>       |
|           | <b>Inventories at the beginning of the year</b> |                       |                       |
|           | Work in process                                 | 7,531.77              | 13,750.45             |
|           | Finished goods                                  | 1,493.14              | 1,684.01              |
|           | Scrap                                           | 3.22                  | 13.60                 |
|           |                                                 | <b>9,028.13</b>       | <b>15,448.06</b>      |
|           | <b>(Increase)/Decrease In Inventory</b>         |                       |                       |
|           | Work in process                                 | (4,720.54)            | 6,218.68              |
|           | Finished goods                                  | 881.60                | 190.87                |
|           | Scrap                                           | (2.90)                | 10.38                 |
|           |                                                 | <b>(3,841.84)</b>     | <b>6,419.93</b>       |
| <b>23</b> | <b>EMPLOYEE BENEFITS</b>                        |                       |                       |
|           | Salaries, wages and bonus                       | 8,417.60              | 8,677.93              |
|           | Contribution to provident and other funds       | 587.81                | 561.89                |
|           | Gratuity expense (refer note-26)                | 136.64                | 112.53                |
|           | Staff welfare expenses                          | 639.64                | 643.83                |
|           |                                                 | <b>9,781.69</b>       | <b>9,996.18</b>       |
| <b>24</b> | <b>FINANCE COST</b>                             |                       |                       |
|           | Interest on debts and borrowings                | 370.24                | 261.47                |
|           | Interest on income tax                          | 42.59                 | 30.59                 |
|           | Interest others                                 | 1.74                  | 26.47                 |
|           | Bank charges                                    | 192.27                | 280.49                |
|           |                                                 | <b>606.84</b>         | <b>599.02</b>         |

# Notes to Financial Statements

for the year ended on 31st March, 2017

| Note No.  | Particulars                                                                                                                                                                                                                        | (₹ in Lacs)           |                       |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|           |                                                                                                                                                                                                                                    | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>25</b> | <b>OTHER EXPENSE</b>                                                                                                                                                                                                               |                       |                       |
|           | Consumption of stores & spares                                                                                                                                                                                                     | 4,065.74              | 4,207.90              |
|           | Freight & transport charges                                                                                                                                                                                                        | 4,058.70              | 4,788.20              |
|           | Power & fuel                                                                                                                                                                                                                       | 2,192.45              | 2,710.14              |
|           | Labour & processing charges                                                                                                                                                                                                        | 3,652.65              | 3,455.22              |
|           | Repairs and maintenance :                                                                                                                                                                                                          |                       |                       |
|           | Plant and machineries                                                                                                                                                                                                              | 563.52                | 683.23                |
|           | Buildings                                                                                                                                                                                                                          | 69.53                 | 238.77                |
|           | Others                                                                                                                                                                                                                             | 98.14                 | 22.01                 |
|           | Quality control                                                                                                                                                                                                                    | 121.02                | 114.89                |
|           | Legal & consultancy charges                                                                                                                                                                                                        | 283.66                | 185.90                |
|           | Traveling & conveyance expenses                                                                                                                                                                                                    | 457.87                | 411.51                |
|           | Insurance                                                                                                                                                                                                                          | 316.20                | 321.72                |
|           | Rent                                                                                                                                                                                                                               | 134.22                | 107.68                |
|           | Rates & taxes                                                                                                                                                                                                                      | 126.08                | 125.78                |
|           | Auditors' remuneration (refer note-a)                                                                                                                                                                                              | 41.33                 | 42.57                 |
|           | Advertisement & other expenses                                                                                                                                                                                                     | 85.92                 | 149.97                |
|           | Foreign exchange fluctuation (net)                                                                                                                                                                                                 | (12.59)               | 105.78                |
|           | Sales commission                                                                                                                                                                                                                   | 169.81                | 933.13                |
|           | Loss on Sale/Discard/Reduction in value of fixed assets (net)                                                                                                                                                                      | 13.78                 | 152.69                |
|           | Increase/(Decrease) in excise duty on inventory                                                                                                                                                                                    | (95.66)               | (49.00)               |
|           | Bad debts/ sundry balances written off                                                                                                                                                                                             | 54.73                 | -                     |
|           | Provision for doubtful debts (net)                                                                                                                                                                                                 | 54.02                 | 67.99                 |
|           | Charity and donations (refer note-b)                                                                                                                                                                                               | 207.55                | 363.36                |
|           | Directors' sitting fees                                                                                                                                                                                                            | 7.14                  | 7.65                  |
|           | Miscellaneous expenses (refer note-b)                                                                                                                                                                                              | 934.23                | 1,022.58              |
|           |                                                                                                                                                                                                                                    | <b>17,600.04</b>      | <b>20,169.67</b>      |
| a)        | Payments to Joint Auditors                                                                                                                                                                                                         |                       |                       |
|           | <b>As Auditors:</b>                                                                                                                                                                                                                |                       |                       |
|           | Audit fee                                                                                                                                                                                                                          | 30.50                 | 33.50                 |
|           | Limited review                                                                                                                                                                                                                     | 7.95                  | 7.95                  |
|           |                                                                                                                                                                                                                                    | <b>38.45</b>          | <b>41.45</b>          |
|           | <b>In other capacity:</b>                                                                                                                                                                                                          |                       |                       |
|           | Taxation matters                                                                                                                                                                                                                   | 1.80                  | 0.80                  |
|           | Certification                                                                                                                                                                                                                      | 0.73                  | 0.10                  |
|           | Reimbursement of expenses                                                                                                                                                                                                          | 0.35                  | 0.22                  |
|           |                                                                                                                                                                                                                                    | <b>2.88</b>           | <b>1.12</b>           |
|           |                                                                                                                                                                                                                                    | <b>41.33</b>          | <b>42.57</b>          |
| b)        | Other expenses include ₹ 230.59 Lacs (P.Y. ₹ 367.88 Lacs), spent towards various activities relating to Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013, details of which are as under: |                       |                       |
|           | <b>Details of Corporate Social Responsibility:</b>                                                                                                                                                                                 |                       |                       |
|           | 1. Gross amount required to be spent during the year                                                                                                                                                                               | 468.46                | 443.03                |
|           | 2. Amount spent during the year:                                                                                                                                                                                                   |                       |                       |
|           | i) Construction/acquisition of any asset                                                                                                                                                                                           | 210.23                | 317.56                |
|           | ii) On purposes other than (i) above                                                                                                                                                                                               | 20.36                 | 50.32                 |
|           |                                                                                                                                                                                                                                    | <b>230.59</b>         | <b>367.88</b>         |
|           | 3. Amount unspent during the year                                                                                                                                                                                                  | 237.87                | 75.15                 |
|           |                                                                                                                                                                                                                                    | <b>468.46</b>         | <b>443.03</b>         |

# Notes to Financial Statements

for the year ended on 31st March, 2017

## 26 Employee Benefits Expense

### A. Defined contribution plans:

Amount of ₹ 587.81 Lacs (31st March, 2016: ₹ 561.89 Lacs) is recognised as expenses and included in note-23 "Employee benefits expense"

#### Particulars

|                             | Year ended<br>31-03-2017 | Year ended<br>31-03-2016 |
|-----------------------------|--------------------------|--------------------------|
| Provident fund              | 268.33                   | 238.98                   |
| Contributory pension scheme | 177.49                   | 163.22                   |
| Superannuation fund         | 141.62                   | 159.45                   |
| Gujarat Labour welfare fund | 0.37                     | 0.24                     |
|                             | <b>587.81</b>            | <b>561.89</b>            |

### B. Defined benefit plans:

The Company operates gratuity plan in the nature of defined benefit plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service. The gratuity plan is governed by the payment of Gratuity Act, 1972.

#### 31st March, 2017 : Changes in defined benefit obligation and plan assets (₹ in Lacs)

|                            | Cost charged to Statement of Profit and Loss |                 |                            |                                                                             | Remeasurement gains/(losses) in other comprehensive income |                                                                                                    |                                                                                  |                                                                                |                                |                                 |                                      | 31st<br>March,<br>2017 |
|----------------------------|----------------------------------------------|-----------------|----------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------|---------------------------------|--------------------------------------|------------------------|
|                            | 1st<br>April,<br>2016                        | Service<br>cost | Net<br>interest<br>expense | Sub-total<br>included in<br>Statement<br>of Profit and<br>Loss<br>(note-23) | Benefit<br>paid                                            | Return<br>on plan<br>assets<br>(excluding<br>amounts<br>included<br>in net<br>interest<br>expense) | Actuarial<br>changes<br>arising from<br>changes in<br>demographic<br>assumptions | Actuarial<br>changes<br>arising from<br>changes in<br>financial<br>assumptions | Experience<br>adjust-<br>ments | Sub-total<br>included<br>in OCI | Contri-<br>butions<br>by<br>employer |                        |
| Gratuity                   |                                              |                 |                            |                                                                             |                                                            |                                                                                                    |                                                                                  |                                                                                |                                |                                 |                                      |                        |
| Defined benefit obligation | 1,744.63                                     | 130.85          | 146.20                     | 277.05                                                                      | (46.12)                                                    | -                                                                                                  | -                                                                                | 185.85                                                                         | 13.91                          | 199.76                          | -                                    | 2,175.32               |
| Fair value of plan assets  | 1,675.49                                     | -               | 140.41                     | 140.41                                                                      | (46.12)                                                    | 23.35                                                                                              | -                                                                                | -                                                                              | -                              | 23.35                           | 70.25                                | 1,816.68               |
| Benefit liability          | 69.14                                        | 130.85          | 5.79                       | 136.64                                                                      | -                                                          | (23.35)                                                                                            | -                                                                                | 185.85                                                                         | 13.95                          | 223.11                          | (70.25)                              | 358.64                 |
| Total benefit liability    | 69.14                                        | 130.85          | 5.79                       | 136.64                                                                      | -                                                          | (23.35)                                                                                            | -                                                                                | 185.85                                                                         | 13.95                          | 223.11                          | (70.25)                              | 358.64                 |

#### 31st March, 2016 : Changes in defined benefit obligation and plan assets (₹ in Lacs)

|                            | Cost charged to Statement of Profit and Loss |                 |                            |                                                                             | Remeasurement gains/(losses) in other comprehensive income |                                                                                                    |                                                                                  |                                                                                |                                |                                 |                                      | 31st<br>March,<br>2016 |
|----------------------------|----------------------------------------------|-----------------|----------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------|---------------------------------|--------------------------------------|------------------------|
|                            | 1st<br>April,<br>2015                        | Service<br>cost | Net<br>interest<br>expense | Sub-total<br>included in<br>Statement<br>of Profit and<br>Loss<br>(note-23) | Benefit<br>paid                                            | Return<br>on plan<br>assets<br>(excluding<br>amounts<br>included<br>in net<br>interest<br>expense) | Actuarial<br>changes<br>arising from<br>changes in<br>demographic<br>assumptions | Actuarial<br>changes<br>arising from<br>changes in<br>financial<br>assumptions | Experience<br>adjust-<br>ments | Sub-total<br>included<br>in OCI | Contri-<br>butions<br>by<br>employer |                        |
| Gratuity                   |                                              |                 |                            |                                                                             |                                                            |                                                                                                    |                                                                                  |                                                                                |                                |                                 |                                      |                        |
| Defined benefit obligation | 1,409.96                                     | 108.52          | 112.51                     | 221.03                                                                      | (35.13)                                                    | -                                                                                                  | -                                                                                | (61.99)                                                                        | 210.76                         | 148.77                          | -                                    | 1,744.63               |
| Fair value of plan assets  | 1,359.69                                     | -               | 108.50                     | 108.50                                                                      | (35.13)                                                    | 17.16                                                                                              | -                                                                                | -                                                                              | -                              | 17.16                           | 225.27                               | 1,675.49               |
| Benefit liability          | 50.27                                        | 108.52          | 4.01                       | 112.53                                                                      | -                                                          | (17.16)                                                                                            | -                                                                                | (61.99)                                                                        | 210.76                         | 131.61                          | (225.27)                             | 69.14                  |
| Total benefit liability    | 50.27                                        | 108.52          | 4.01                       | 112.53                                                                      | -                                                          | (17.16)                                                                                            | -                                                                                | (61.99)                                                                        | 210.76                         | 131.61                          | (225.27)                             | 69.14                  |

# Notes to Financial Statements

for the year ended on 31st March, 2017

**The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:**

| Particulars              | As at<br>31-03-2017<br>(₹ in Lacs) | As at<br>31-03-2016<br>(₹ in Lacs) |
|--------------------------|------------------------------------|------------------------------------|
| Insurance funds          | 1,816.68                           | 1,675.49                           |
| (%) of total plan assets | 100%                               | 100%                               |

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

| Particulars                            | Year ended<br>31-03-2017                 | Year ended<br>31-03-2016                 |
|----------------------------------------|------------------------------------------|------------------------------------------|
| Discount rate                          | 7.34%                                    | 8.38%                                    |
| Future salary increase                 | 8.00%                                    | 8.00%                                    |
| Expected rate of return on plan assets | 7.34%                                    | 8.38%                                    |
| Employee turnover rate                 | 2.00%                                    | 2.00%                                    |
| Mortality rate during employment       | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Mortality rate after employment        | N.A.                                     | N.A.                                     |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

**A quantitative sensitivity analysis for significant assumption is as shown below:**

## Gratuity

| Particulars       | (increase) / decrease in defined benefit obligation (Impact) |                                 |                                 |
|-------------------|--------------------------------------------------------------|---------------------------------|---------------------------------|
|                   | Sensitivity level                                            | As at 31-03-2017<br>(₹ in Lacs) | As at 31-03-2016<br>(₹ in Lacs) |
| Discount rate     | 1% increase                                                  | (179.28)                        | (138.31)                        |
|                   | 1% decrease                                                  | 212.83                          | 163.19                          |
| Salary increase   | 1% increase                                                  | 209.30                          | 162.18                          |
|                   | 1% decrease                                                  | (179.80)                        | (139.95)                        |
| Employee turnover | 1% increase                                                  | (12.20)                         | 3.72                            |
|                   | 1% decrease                                                  | 13.79                           | (4.41)                          |

**The followings are the expected future benefit payments for the defined benefit plan :**

| Particulars                                              | As at<br>31-03-2017<br>(₹ in Lacs) | As at<br>31-03-2016<br>(₹ in Lacs) |
|----------------------------------------------------------|------------------------------------|------------------------------------|
| Within the next 12 months (next annual reporting period) | 509.14                             | 319.59                             |
| Between 2 and 5 years                                    | 276.22                             | 447.59                             |
| Beyond 5 years                                           | 823.83                             | 1,072.65                           |
| <b>Total expected payments</b>                           | <b>1,609.19</b>                    | <b>1,839.83</b>                    |

# Notes to Financial Statements

for the year ended on 31st March, 2017

## Weighted average duration of defined plan obligation (based on discounted cash flows)

| Particulars | As at<br>31-03-2017<br>Years | As at<br>31-03-2016<br>Years |
|-------------|------------------------------|------------------------------|
| Gratuity    | 17                           | 18                           |

## The followings are the expected contributions to planned assets for the next year:

| Particulars | As at<br>31-03-2017<br>(₹ in Lacs) | As at<br>31-03-2016<br>(₹ in Lacs) |
|-------------|------------------------------------|------------------------------------|
| Gratuity    | 277.61                             | 199.99                             |

## 27 COMMITMENTS AND CONTINGENCIES

(₹ in Lacs)

### a) Contingent Liabilities:

| Sr. No.   | Particulars                                                                                                                                                                                                                                                                                                                                                                                                           | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| a)        | Bills discounted and not matured                                                                                                                                                                                                                                                                                                                                                                                      | -                   | 902.86              | 696.80              |
| b)        | ESI liability (excluding interest leviable, if any)                                                                                                                                                                                                                                                                                                                                                                   | 322.31              | 295.90              | 270.00              |
| c)        | Consolidated tax payable to GIDC, chhatral (note-i)                                                                                                                                                                                                                                                                                                                                                                   | -                   | -                   | 11.14               |
| d)        | Disputed statutory claims/levies for which the Company has preferred appeal in respect of (excluding interest leviable, if any):                                                                                                                                                                                                                                                                                      |                     |                     |                     |
|           | - Income tax                                                                                                                                                                                                                                                                                                                                                                                                          | 278.70              | 272.03              | 288.76              |
|           | - Excise duty (note-ii)                                                                                                                                                                                                                                                                                                                                                                                               | 3,282.17            | 3,338.86            | 3,315.13            |
| Note-(i)  | Consolidated tax payable to GIDC is demanded by GIDC, Chhatral notified under circular dated 9/7/2010 for levying and recovering "infrastructure upgradation fund" from the Company. The amount comprises of the per square meter charges towards infrastructure upgradation as well as interest and penalty thereupon. The Company has paid the demand in current year.                                              |                     |                     |                     |
| Note-(ii) | Excise duty demand comprise various demands from the Excise Authorities for payment of ₹ 3,282.17 Lacs (31st March, 2016 ₹ 3,338.86 Lacs, 1st April, 2015 ₹3,315.13 Lacs). The Company has filed appeals against these demands. The Company has been advised by its legal counsel that the demand is likely to be deleted and accordingly no provision for liability has been recognized in the financial statements. |                     |                     |                     |

### b) Capital Commitment

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 1,004.31 Lacs (31st March, 2016 ₹2,184.72 Lacs, 1st April, 2015 ₹1,303.47 Lacs).

- 28 The Company has incurred premium expenses of ₹ 140.21 Lacs (31st March, 2016 ₹ 127.85 Lacs) on Key Man Insurance Policy and term plan policy of Chairman and Managing Director and Whole-Time Directors, which is included in Insurance Expenses.

## 29 SEGMENT INFORMATION

### Operating Segments:

The Company is engaged in the business of Steel Tubes and Pipes and generation of power by Windmills. In accordance with the requirements of Ind AS 108 "Operating Segments" Company has identified these two segments as reportable segments.

### Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of allocable income).

## Segment Assets and Liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipments, trade receivables, Inventory and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as unallocable assets / liabilities.

## Inter Segment transfer:

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

## Summary of segment information is given below:

Primary Reportable Segment (Business Segment)

|                                                                                                             | (₹ in Lacs)                         |                                |                                 |                                     |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------|---------------------------------|-------------------------------------|
| Particulars                                                                                                 | Steel Tubes and Pipes               | Windmill                       | Adjustments & Elimination       | Total                               |
| <b>Revenue</b>                                                                                              |                                     |                                |                                 |                                     |
| External sales                                                                                              | 1,46,776.26<br>(1,81,245.09)        | 828.94<br>(588.42)             | -<br>-                          | 1,47,605.20<br>(1,81,833.51)        |
| Inter segment revenue                                                                                       | -<br>-                              | 1,530.02<br>(1,540.32)         | (1,530.02)<br>(1,540.32)        | -<br>-                              |
| <b>Total revenue</b>                                                                                        | <b>1,46,776.26</b><br>(1,81,245.09) | <b>2,358.96</b><br>(2,128.74)  | <b>(1,530.02)</b><br>(1,540.32) | <b>1,47,605.20</b><br>(1,81,833.51) |
| <b>Results</b>                                                                                              |                                     |                                |                                 |                                     |
| Segment results before interest and finance costs                                                           | 18,669.63<br>(22,979.72)            | 1,196.37<br>(1,020.64)         | -<br>-                          | 19,866.00<br>(24,000.36)            |
| Interest & dividend income & fair value gain on financial instruments at fair value through profit and loss |                                     |                                | -<br>-                          | 1,286.42<br>(1,246.23)              |
| Foreign exchange (gain) / loss on buyers credit (net)                                                       |                                     |                                | -<br>-                          | -<br>(617.94)                       |
| Interest and finance costs                                                                                  |                                     |                                | -<br>-                          | 606.84<br>(599.02)                  |
| <b>Net profit before tax</b>                                                                                |                                     |                                | -<br>-                          | <b>20,545.58</b><br>(24,029.63)     |
| <b>Other information</b>                                                                                    |                                     |                                |                                 |                                     |
| Segment assets                                                                                              | 1,24,108.69<br>(1,15,774.46)        | 9,320.42<br>(10,090.42)        | -<br>-                          | 1,33,429.11<br>(1,25,864.88)        |
| Unallocable assets                                                                                          |                                     |                                | -<br>-                          | 7,866.92<br>(5,856.28)              |
| <b>Total assets</b>                                                                                         | <b>1,24,108.69</b><br>(1,15,774.46) | <b>9,320.42</b><br>(10,090.42) | -<br>-                          | <b>1,41,296.03</b><br>(1,31,721.16) |
| Segment liabilities                                                                                         | 17,006.71<br>(18,089.73)            | 91.83<br>(73.09)               | -<br>-                          | 17,098.54<br>(18,162.82)            |
| Unallocated liabilities and provisions                                                                      |                                     |                                | -<br>-                          | 5,503.33<br>(9,148.19)              |
| <b>Total liabilities</b>                                                                                    | <b>17,006.71</b><br>(18,089.73)     | <b>91.83</b><br>(73.09)        | -<br>-                          | <b>22,601.87</b><br>(27,311.01)     |
| Segment depreciation                                                                                        | 5,222.56<br>(5,028.05)              | 747.29<br>(649.17)             | -<br>-                          | 5,969.85<br>(5,677.22)              |
| <b>Capital expenditure:</b>                                                                                 |                                     |                                |                                 |                                     |
| Tangible fixed assets                                                                                       | 6,229.27<br>(5,838.97)              | -<br>(342.50)                  | -<br>-                          | 6,229.27<br>(6,181.47)              |
| Intangible assets                                                                                           | -<br>(0.58)                         | -<br>-                         | -<br>-                          | -<br>(0.58)                         |

Note: Figures in brackets represent previous year's amount.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## Secondary Reportable Segment (Geographical by Customers)

| Particulars            | (₹ in Lacs)   |               |               |
|------------------------|---------------|---------------|---------------|
|                        | In India      | Outside India | Total         |
| <b>Segment Revenue</b> |               |               |               |
| 2016-17                | 1,21,444.96   | 26,160.24     | 1,47,605.20   |
| 2015-16                | (1,63,165.63) | (18,667.88)   | (1,81,833.51) |
| <b>Segment Assets</b>  |               |               |               |
| As at 31st March, 2017 | 1,37,223.60   | 4,072.43      | 1,41,296.03   |
| As at 31st March, 2016 | (1,28,339.20) | (3,381.96)    | (1,31,721.16) |
| As at 1st April, 2015  | (1,21,550.16) | (1,009.38)    | (1,22,559.54) |

Revenue from one customer amounted to ₹ 48,947.90 Lacs (31st March, 2016: ₹ 35,327.27 Lacs), arising from sales in the Steel Tubes and Pipes segment.

## 30 RELATED PARTY DISCLOSURES

As required by Indian Accounting Standard - 24 "Related Parties Disclosures", the disclosure of transactions with related parties are given below :

### A Relationships

#### (a) Wholly Owned Foreign Subsidiary Company

Ratnamani INC., USA

#### (b) Key Management Personnel

|                            |                                  |
|----------------------------|----------------------------------|
| Mr. Prakash M. Sanghvi     | - Chairman and Managing Director |
| Mr. Jayanti M. Sanghvi     | - Whole-time Director            |
| Mr. Shanti M. Sanghvi      | - Whole-time Director            |
| Mr. Divyabhash C. Anjaria  | - Director                       |
| Mr. Pravinchandra M. Mehta | - Director                       |
| Dr. Vinod M. Agrawal       | - Director                       |
| Smt. Nidhi G. Gadhecha     | - Director                       |

#### (c) Relatives of key management personnel

|                                                            |
|------------------------------------------------------------|
| Mr. Manoj P. Sanghvi ( Son of Mr. Prakash M . Sanghvi )    |
| Mr. Prashant J. Sanghvi ( Son of Mr. Jayanti M . Sanghvi ) |
| Mr. Nilesh P. Sanghvi ( Son of Mr. Prakash M . Sanghvi )   |
| Mr. Jigar P. Sanghvi ( Son of Mr. Prakash M . Sanghvi )    |
| Mr. Yash S. Sanghvi ( Son of Mr. Shanti M . Sanghvi )      |

#### (d) Enterprises owned or significantly influenced by key management personnel or their relatives

|                                         |
|-----------------------------------------|
| Ratnamani Food Products Private Ltd.    |
| Ratnamani Marketing Private Ltd.        |
| Ratnamani Healthcare Private Ltd.       |
| Comfit Valves Private Limited.          |
| Ratnamani Techno Casts Private Limited. |

# Notes to Financial Statements

for the year ended on 31st March, 2017

**B The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:**

|                                            |                     | ( ₹ in Lacs)        |                     |
|--------------------------------------------|---------------------|---------------------|---------------------|
| Particulars                                | 2016-17             | 2015-16             |                     |
| <b>Rent Expense</b>                        |                     |                     |                     |
| Ratnamani Food Products Private Ltd.       | 17.42               | 15.84               |                     |
| Ratnamani Marketing Private Ltd.           | 20.81               | 18.00               |                     |
| <b>Reimbursement of Expense (Received)</b> |                     |                     |                     |
| Ratnamani Healthcare Private Ltd.          | 0.66                | 2.21                |                     |
| <b>Other Purchases</b>                     |                     |                     |                     |
| Ratnamani Healthcare Private Ltd.          | -                   | 3.33                |                     |
| <b>Sales</b>                               |                     |                     |                     |
| Ratnamani INC., USA                        | 623.33              | 2,091.90            |                     |
| <b>Other Operating Revenue</b>             |                     |                     |                     |
| Ratnamani INC., USA                        | -                   | 69.63               |                     |
| <b>Remuneration</b>                        |                     |                     |                     |
| Mr. Prakash M. Sanghvi                     | 153.83              | 154.77              |                     |
| Mr. Jayanti M. Sanghvi                     | 117.79              | 111.11              |                     |
| Mr. Shanti M. Sanghvi                      | 97.97               | 91.99               |                     |
| Mr. Manoj P. Sanghvi                       | 80.12               | 72.11               |                     |
| Mr. Prashant J. Sanghvi                    | 68.44               | 61.18               |                     |
| Mr. Nilesh P. Sanghvi                      | 57.57               | 51.47               |                     |
| Mr. Jigar P. Sanghvi                       | 27.44               | 22.26               |                     |
| Mr. Yash S. Sanghvi                        | 1.69                | 1.89                |                     |
| <b>Commission</b>                          |                     |                     |                     |
| Mr. Prakash M. Sanghvi                     | 725.00              | 1,000.00            |                     |
| Mr. Jayanti M. Sanghvi                     | 435.00              | 600.00              |                     |
| Mr. Shanti M. Sanghvi                      | 290.00              | 400.00              |                     |
| <b>Sitting Fees</b>                        |                     |                     |                     |
| Mr. Divyabhash C. Anjaria – Director       | 2.04                | 2.21                |                     |
| Mr. Pravinchandra M. Mehta – Director      | 1.36                | 2.21                |                     |
| Dr. Vinod M. Agrawal – Director            | 2.04                | 2.04                |                     |
| Smt. Nidhi G. Gadhecha – Director          | 1.70                | 1.19                |                     |
| <b>Outstanding as at year end</b>          | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>Receivable</b>                          |                     |                     |                     |
| Ratnamani INC., USA                        | -                   | 875.26              | 87.14               |
| Comfit Valves Private Limited.             | 4.61                | 2.48                | 10.27               |
| Ratnamani Techno Casts Pvt. Ltd.           | 69.71               | 45.82               | 49.00               |
| <b>Payable</b>                             |                     |                     |                     |
| Mr. Prakash M. Sanghvi                     | 733.81              | 1,004.68            | 1,207.92            |
| Mr. Jayanti M. Sanghvi                     | 439.39              | 601.69              | 725.28              |
| Mr. Shanti M. Sanghvi                      | 294.50              | 403.88              | 484.40              |
| Mr. Manoj P. Sanghvi                       | 1.97                | 2.21                | 1.76                |
| Mr. Prashant J. Sanghvi                    | 1.70                | 1.88                | 1.37                |
| Mr. Nilesh P. Sanghvi                      | 1.46                | 1.66                | 1.20                |
| Mr. Jigar P. Sanghvi                       | 0.93                | 0.87                | 0.61                |
| Mr. Yash S. Sanghvi                        | 0.20                | -                   | 0.22                |

Note : The remuneration to the key managerial personnel does not include the provisions made for gratuity, as it is determined on an actuarial basis for the Company as a whole.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2017 the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March 2016: ₹ Nil, 1st April 2015: ₹ Nil). This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

## 31 EARNINGS PER SHARE (EPS):

| Particulars                                        |              | 2016-17   | 2015-16   |
|----------------------------------------------------|--------------|-----------|-----------|
| Profit for the year                                | ( ₹ in Lacs) | 14,429.91 | 16,522.04 |
| Weighted average No. of shares for EPS computation |              |           |           |
| For basic and diluted EPS (Nos)                    | (Lacs)       | 467.28    | 467.28    |
| Earnings per share (basic and diluted)             | (₹)          | 30.88     | 35.36     |
| Nominal value of shares                            | (₹)          | 2.00      | 2.00      |

## 32 DERIVATIVE INSTRUMENTS AT YEAR END:

| Sr. No. | Particulars                                                                                                                                                                              | 31-03-2017<br>Amount<br>(₹ In Lacs) | 31-03-2017<br>Foreign<br>Currency<br>(In Lacs) | 31-03-2016<br>Amount<br>(₹ In Lacs) | 31-03-2016<br>Foreign<br>Currency<br>(In Lacs) | 01-04-2015<br>Amount<br>(₹ In Lacs) | 01-04-2015<br>Foreign<br>Currency<br>(In Lacs) |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------------|-------------------------------------|------------------------------------------------|-------------------------------------|------------------------------------------------|
| 1       | Forward contracts (sale)<br>Purpose: hedge of highly probable foreign currency sale                                                                                                      | -                                   | -                                              | -                                   | -                                              | 1,273.30                            | USD 20.00                                      |
| 2       | Interest rate swaps (hedge against external commercial borrowing of USD 8.0 Million)<br>Purpose: hedge of interest liability for moving from variable interest to fixed interest regime. | -                                   | -                                              | 890.27                              | USD 13.33                                      | 1,681.60                            | USD 26.67                                      |
| 3       | Currency futures (USD buy)<br>Purpose: hedge of highly probable foreign currency buy.                                                                                                    | -                                   | -                                              | 7,548.32                            | USD 113.50                                     | -                                   | -                                              |

# Notes to Financial Statements

for the year ended on 31st March, 2017

## 33 FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT

### 33.1 Category-wise Classification of Financial Instruments:

( ₹ in Lacs)

| Particulars                                                 | Refer Note | As at 31-03-2017                  |                  |                  |
|-------------------------------------------------------------|------------|-----------------------------------|------------------|------------------|
|                                                             |            | Fair Value through profit or loss | Amortised cost   | Carrying Value   |
| <b>Financial assets</b>                                     |            |                                   |                  |                  |
| Investments in unquoted equity shares of subsidiary company | 4          | -                                 | 6.08             | 6.08             |
| Investments in unquoted Government securities               | 4          | -                                 | 0.11             | 0.11             |
| Investments in quoted mutual funds                          | 4          | 7,383.08                          | -                | 7,383.08         |
| Trade receivables                                           | 6          | -                                 | 42,521.43        | 42,521.43        |
| Cash and cash equivalents                                   | 7          | -                                 | 1,469.09         | 1,469.09         |
| Loans                                                       | 4          | -                                 | 30.86            | 30.86            |
| Other financial assets                                      | 4          | -                                 | 668.66           | 668.66           |
| <b>Total</b>                                                |            | <b>7,383.08</b>                   | <b>44,696.23</b> | <b>52,079.31</b> |
| <b>Financial liabilities</b>                                |            |                                   |                  |                  |
| Trade payables                                              | 14         | -                                 | 11,710.52        | 11,710.52        |
| Other financial liabilities                                 | 15         | -                                 | 786.45           | 786.45           |
| <b>Total</b>                                                |            | <b>-</b>                          | <b>12,496.97</b> | <b>12,496.97</b> |

( ₹ in Lacs)

| Particulars                                                 | Refer Note | As at 31-03-2016                  |                  |                  |
|-------------------------------------------------------------|------------|-----------------------------------|------------------|------------------|
|                                                             |            | Fair Value through profit or loss | Amortised cost   | Carrying Value   |
| <b>Financial assets</b>                                     |            |                                   |                  |                  |
| Investments in unquoted equity shares of subsidiary company | 4          | -                                 | 6.08             | 6.08             |
| Investments in unquoted Government securities               | 4          | -                                 | 0.11             | 0.11             |
| Investments in quoted mutual funds                          | 4          | 2,421.83                          | -                | 2,421.83         |
| Trade receivables                                           | 6          | -                                 | 38,994.45        | 38,994.45        |
| Cash and cash equivalents                                   | 7          | -                                 | 1,084.47         | 1,084.47         |
| Loans                                                       | 4          | -                                 | 2,977.19         | 2,977.19         |
| Other financial assets                                      | 4          | -                                 | 735.17           | 735.17           |
| <b>Total</b>                                                |            | <b>2,421.83</b>                   | <b>43,797.47</b> | <b>46,219.30</b> |
| <b>Financial liabilities</b>                                |            |                                   |                  |                  |
| Borrowings (including current maturities)                   | 12         | -                                 | 2,313.09         | 2,313.09         |
| Trade payables                                              | 14         | -                                 | 12,254.04        | 12,254.04        |
| Other financial liabilities                                 | 15         | -                                 | 1,396.84         | 1,396.84         |
| <b>Total</b>                                                |            | <b>-</b>                          | <b>15,963.97</b> | <b>15,963.97</b> |

# Notes to Financial Statements

for the year ended on 31st March, 2017

(₹ in Lacs)

| Particulars                                                 | Refer Note | As at 01-04-2015                  |                |                |
|-------------------------------------------------------------|------------|-----------------------------------|----------------|----------------|
|                                                             |            | Fair Value through profit or loss | Amortised cost | Carrying Value |
| <b>Financial assets</b>                                     |            |                                   |                |                |
| Investments in unquoted equity shares of subsidiary company | 4          | -                                 | 6.08           | 6.08           |
| Investments in unquoted Government securities               | 4          | -                                 | 0.11           | 0.11           |
| Investments in quoted mutual funds                          | 4          | 2,235.48                          | -              | 2,235.48       |
| Trade receivables                                           | 6          | -                                 | 32,084.70      | 32,084.70      |
| Cash and cash equivalents                                   | 7          | -                                 | 4,515.93       | 4,515.93       |
| Other bank balance                                          | 8          | -                                 | 3,053.00       | 3,053.00       |
| Loans                                                       | 4          | -                                 | 286.02         | 286.02         |
| Other financial assets                                      | 4          | -                                 | 573.90         | 573.90         |
| Total                                                       |            | 2,235.48                          | 40,519.74      | 42,755.22      |
| <b>Financial liabilities</b>                                |            |                                   |                |                |
| Borrowings (including current maturities)                   | 12         | -                                 | 13,613.10      | 13,613.10      |
| Trade payables                                              | 14         | -                                 | 12,674.45      | 12,674.45      |
| Other financial liabilities                                 | 15         | -                                 | 875.64         | 875.64         |
| Total                                                       |            | -                                 | 27,163.19      | 27,163.19      |

## 33.2 Category-wise Classification of Financial Instruments:

### (a) Quantitative disclosures fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(₹ in Lacs)

| Particulars                                                           | As at 31-03-2017                        |          | As at 31-03-2016                        |          | As at 01-04-2015                        |          |
|-----------------------------------------------------------------------|-----------------------------------------|----------|-----------------------------------------|----------|-----------------------------------------|----------|
|                                                                       | Significant observable Inputs (Level 1) | Total    | Significant observable Inputs (Level 1) | Total    | Significant observable Inputs (Level 1) | Total    |
| <b>Financial Assets</b>                                               |                                         |          |                                         |          |                                         |          |
| Investments in quoted mutual funds (measured at FVTPL) (refer note-4) | 7,383.08                                | 7,383.08 | 2,421.83                                | 2,421.83 | 2,235.48                                | 2,235.48 |

### (b) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

## 34 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

# Notes to Financial Statements

for the year ended on 31st March, 2017

The Company's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

The Company's risk management is carried out by the corporate finance under policies approved by the Board of Directors. The corporate finance identifies, evaluates and hedges financial risks in close co-operation with the Company's Business Heads. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The corporate finance function reports quarterly to the Company's Audit Committee, that monitors risks and policies framed to mitigate risk exposures.

## (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of Profit and Loss may differ materially from these estimates due to actual developments in the global financial markets.

### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the recognised underlying assets/liabilities and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

**The carrying amounts of the Company's foreign currency denominated monetary items are as follows:**

(₹ in Lacs)

| Currency | Liabilities         |                     |                     | Assets              |                     |                     |
|----------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|          | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| USD      | 4,339.64            | 3,787.54            | 6,447.99            | 9,449.06            | 4,792.61            | 1,783.61            |
| EURO     | 1,537.80            | 590.55              | 995.62              | 330.21              | 3.71                | 23.43               |

The above table represents total exposure of the Company towards foreign exchange denominated assets and liabilities. The details of exposures hedged using forward exchange contracts are given as a part of note-32.

The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 1% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 1% represents management's assessment of reasonably possible change in foreign exchange rate.

# Notes to Financial Statements

for the year ended on 31st March, 2017

(₹ in Lacs)

| Particulars                   | Impact on Profit before tax |            | Impact on Pre-tax Equity |            |
|-------------------------------|-----------------------------|------------|--------------------------|------------|
|                               | For the year ended          |            | For the year ended       |            |
|                               | 31-03-2017                  | 31-03-2016 | 31-03-2017               | 31-03-2016 |
| USD sensitivity               |                             |            |                          |            |
| RUPEES / USD – increase by 1% | 51.04                       | 18.95      | 51.04                    | 18.95      |
| RUPEES / USD – decrease by 1% | (51.04)                     | (18.95)    | (51.04)                  | (18.95)    |

### iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Company is exposed to price risk arising mainly from investments in mutual funds recognised at FVTPL. As at 31st March 2017, the carrying value of such instruments recognised at FVTPL amounts to ₹ 7,383.08 Lacs (31st March 2016 ₹ 2,421.83 Lacs and ₹ 2,335.48 Lacs 1st April, 2015). The details of such investments in mutual funds is given in note-4.

The management expects that the exposure to risk of changes in market rates of these mutual funds is minimal.

### (b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

#### Concentrations of Credit risk form part of Credit risk

During the year ended 31st March, 2017, sales to a customer approximated ₹ 4,0583.08 Lacs or 29.62 % of net revenue and during the year ended 31st March 2016, sales to such customer approximated ₹ 2,7341.86 Lacs or 16.31 % of net revenue. Accounts receivable from such customer approximated ₹ 1,7185.11 Lacs at 31st March, 2017 and ₹ 1,8027.27 Lacs at 31st March, 2016. A loss of this customer could adversely affect the operating results or cash flows of the Company.

### (c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including, debt and overdraft / credit facilities from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

# Notes to Financial Statements

for the year ended on 31st March, 2017

**The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:**

|                             |           |                     |              |                     | (₹ in Lacs) |
|-----------------------------|-----------|---------------------|--------------|---------------------|-------------|
| Particulars                 | On Demand | Less than 1<br>year | 1 to 5 years | More than 5<br>year | Total       |
| Year ended 31st March, 2017 |           |                     |              |                     |             |
| Interest bearing borrowings | -         | -                   | -            | -                   | -           |
| Trade payables              | -         | 11,284.06           | 95.35        | 331.11              | 11,710.52   |
| Other financial liabilities | 785.73    | 0.72                | -            | -                   | 786.45      |
| Year ended 31st March, 2016 |           |                     |              |                     |             |
| Interest bearing borrowings | -         | 2,313.09            | -            | -                   | 2,313.09    |
| Trade payables              | -         | 11,797.63           | 116.53       | 339.88              | 12,254.04   |
| Other financial liabilities | 1,383.04  | 13.8                | -            | -                   | 1,396.84    |
| Derivatives                 | -         | 7,548.32            | -            | -                   | 7,548.32    |
| As at 1st April, 2015       |           |                     |              |                     |             |
| Interest bearing borrowings | 58.19     | 12,722.19           | 832.72       | -                   | 13,613.10   |
| Trade payables              | -         | 11,612.22           | 1,062.23     | -                   | 12,674.45   |
| Other financial liabilities | 849.07    | 26.57               | -            | -                   | 875.64      |
| Derivatives                 | -         | 1,273.30            | -            | -                   | 1,273.30    |

## 35 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

As at 31st March, 2017, the Company meets its capital requirement through equity and has low debts. Consequent to such capital structure, there are no externally imposed capital requirements.

In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.

## 36 SPECIFIED BANK NOTES DISCLOSURE (SBNs)

Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide notification G.S.R 308 (E) dated 30th March, 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes ('SBNs') held and transacted during the period 8th November, 2016 to 30th December, 2016. 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 8th November, 2016

**Details of the transactions during the said period are as follows :-** (Amount in ₹)

| Particulars                                    | Specified bank notes | Other denominated notes | Total     |
|------------------------------------------------|----------------------|-------------------------|-----------|
| Closing cash on hand as on 8th November, 2016  | 5,42,500             | 9,39,520                | 14,82,020 |
| Add :                                          |                      |                         |           |
| Permitted receipts                             | -                    | 32,22,583               | 32,22,583 |
| Less :                                         |                      |                         |           |
| Permitted payments                             | -                    | 35,72,276               | 35,72,276 |
| Amounts deposited in Banks                     | 5,42,500             | -                       | 5,42,500  |
| Closing cash on hand as on 30th December, 2016 | -                    | 5,89,827                | 5,89,827  |

# Notes to Financial Statements

for the year ended on 31st March, 2017

## 37 FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS ("Ind AS")

These financial statements, for the year ended 31st March 2017, are the first financial statement, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 (the "Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at 1st April, 2015 and the financial statements as at and for the year ended 31st March, 2016.

### Exemptions applied

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- a) Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its Property, plant and equipment and Intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date.
- b) The Company has elected to measure investments in subsidiaries as per the statement of financial position prepared in accordance with previous GAAP as a deemed cost at the date of transition as per exemption available under Ind AS 101.
- c) The Company has elected to avail exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items outstanding and recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting as per the previous GAAP.
- d) The Company has elected to disclose the following amounts prospectively from the date of transition (Ind AS ordinarily requires the amounts for the current and previous four annual periods to be disclosed):
  - (i) the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and
  - (ii) the experience adjustments arising on the plan liabilities and the plan assets.
- e) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## (i) Reconciliation of Balance Sheet as previously reported as per previous GAAP to Ind AS :

(₹ in Lacs)

| Particulars                              | Foot Note | As at 31-03-2016<br>(Reported as per Previous GAAP) | Adjustment due to Ind AS | As at 31-03-2016<br>(As per Ind AS) | As at 01-04-2015<br>(Reported as per Previous GAAP) | Adjustment due to Ind AS | As at 01-04-2015<br>(As per Ind AS) |
|------------------------------------------|-----------|-----------------------------------------------------|--------------------------|-------------------------------------|-----------------------------------------------------|--------------------------|-------------------------------------|
| <b>ASSETS</b>                            |           |                                                     |                          |                                     |                                                     |                          |                                     |
| <b>Non-current assets</b>                |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Property, plant and equipment            | d         | 44,512.46                                           | (7.75)                   | 44,504.71                           | 42,308.74                                           | (7.40)                   | 42,301.34                           |
| Capital work-in-progress                 |           | 4,765.64                                            | -                        | 4,765.64                            | 4,179.80                                            | -                        | 4,179.80                            |
| Intangible assets                        |           | 94.65                                               | -                        | 94.65                               | 166.50                                              | -                        | 166.50                              |
| Financial assets                         |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Investments                          | b         | 7.03                                                | (0.84)                   | 6.19                                | 7.03                                                | (0.84)                   | 6.19                                |
| (ii) Loans                               | b         | 824.88                                              | (816.32)                 | 8.56                                | 2,494.28                                            | (2,484.27)               | 10.01                               |
| (iii) Other financial assets             | b         | -                                                   | 396.39                   | 396.39                              | -                                                   | 379.53                   | 379.53                              |
| Other non-current assets                 | b         | -                                                   | 420.77                   | 420.77                              | -                                                   | 2,105.57                 | 2,105.57                            |
| <b>Total non-current assets</b>          |           | <b>50,204.66</b>                                    | <b>(7.75)</b>            | <b>50,196.91</b>                    | <b>49,156.35</b>                                    | <b>(7.41)</b>            | <b>49,148.94</b>                    |
| <b>Current assets</b>                    |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Inventories                              |           | 29,472.97                                           | -                        | 29,472.97                           | 34,308.87                                           | -                        | 34,308.87                           |
| Financial assets                         |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Investments                          | b         | 2,000.00                                            | 421.83                   | 2,421.83                            | 2,000.00                                            | 235.48                   | 2,235.48                            |
| (ii) Trade receivables                   | b         | 37,563.55                                           | 1,430.90                 | 38,994.45                           | 22,337.42                                           | 9,747.28                 | 32,084.70                           |
| (iii) Cash and cash equivalents          |           | 1,084.47                                            | -                        | 1,084.47                            | 4,515.93                                            | -                        | 4,515.93                            |
| (iv) Bank balance other than (iii) above |           | -                                                   | -                        | -                                   | 3,053.00                                            | -                        | 3,053.00                            |
| (v) Loans                                | b         | 9,537.64                                            | (6,569.01)               | 2,968.63                            | 6,807.74                                            | (6,531.73)               | 276.01                              |
| (vi) Others financial assets             | b         | -                                                   | 338.78                   | 338.78                              | -                                                   | 194.37                   | 194.37                              |
| Other current assets                     | b         | 72.51                                               | 6,170.61                 | 6,243.12                            | 380.23                                              | 6,337.35                 | 6,717.58                            |
| <b>Total current assets</b>              |           | <b>79,731.14</b>                                    | <b>1,793.11</b>          | <b>81,524.25</b>                    | <b>73,403.19</b>                                    | <b>9,982.75</b>          | <b>83,385.94</b>                    |
| <b>Total Assets</b>                      |           | <b>1,29,935.80</b>                                  | <b>1,785.36</b>          | <b>1,31,721.16</b>                  | <b>1,22,559.54</b>                                  | <b>9,975.34</b>          | <b>1,32,534.88</b>                  |
| <b>EQUITY AND LIABILITIES</b>            |           |                                                     |                          |                                     |                                                     |                          |                                     |
| <b>Equity</b>                            |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Equity share capital                     |           | 934.56                                              | -                        | 934.56                              | 934.56                                              | -                        | 934.56                              |
| Other equity                             |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Securities premium                   |           | 2,279.06                                            | -                        | 2,279.06                            | 2,279.06                                            | -                        | 2,279.06                            |
| (ii) Retained earnings                   | (iii)     | 27,295.88                                           | 393.34                   | 27,689.22                           | 24,116.63                                           | 3,323.09                 | 27,439.72                           |
| (iii) Other reserves                     |           | 73,507.31                                           | -                        | 73,507.31                           | 63,507.31                                           | -                        | 63,507.31                           |
| <b>Total other equity</b>                |           | <b>1,03,082.25</b>                                  | <b>393.34</b>            | <b>1,03,475.59</b>                  | <b>89,903.00</b>                                    | <b>3,323.09</b>          | <b>93,226.09</b>                    |
| <b>Total equity</b>                      |           | <b>1,04,016.81</b>                                  | <b>393.34</b>            | <b>1,04,410.15</b>                  | <b>90,837.56</b>                                    | <b>3,323.09</b>          | <b>94,160.65</b>                    |
| <b>Liabilities</b>                       |           |                                                     |                          |                                     |                                                     |                          |                                     |
| <b>Non-current liabilities</b>           |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Financial liabilities                    |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Borrowings                           | b         | -                                                   | -                        | -                                   | 840.80                                              | (8.08)                   | 832.72                              |
| Deferred tax liabilities (net)           | g         | 4,802.54                                            | 27.06                    | 4,829.60                            | 4,776.50                                            | 16.23                    | 4,792.73                            |
| <b>Total non-current liabilities</b>     |           | <b>4,802.54</b>                                     | <b>27.06</b>             | <b>4,829.60</b>                     | <b>5,617.30</b>                                     | <b>8.15</b>              | <b>5,625.45</b>                     |
| <b>Current liabilities</b>               |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Financial liabilities                    |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Borrowings                           | b         | -                                                   | 1,430.90                 | 1,430.90                            | 2,202.23                                            | 9,747.30                 | 11,949.53                           |
| (ii) Trade payables                      |           | 12,254.00                                           | 0.04                     | 12,254.04                           | 12,674.45                                           | -                        | 12,674.45                           |
| (iii) Other financial liabilities        | b         | -                                                   | 2,279.03                 | 2,279.03                            | -                                                   | 1,706.49                 | 1,706.49                            |
| Other current liabilities                | b         | 6,692.32                                            | (2,345.01)               | 4,347.31                            | 7,030.09                                            | (1,716.45)               | 5,313.64                            |
| Provisions                               | b,c       | 304.03                                              | -                        | 304.03                              | 3,346.15                                            | (3,093.24)               | 252.91                              |
| Current tax liabilities (net)            |           | 1,866.10                                            | -                        | 1,866.10                            | 851.76                                              | -                        | 851.76                              |
| <b>Total current liabilities</b>         |           | <b>21,116.45</b>                                    | <b>1,364.96</b>          | <b>22,481.41</b>                    | <b>26,104.68</b>                                    | <b>6,644.10</b>          | <b>32,748.78</b>                    |
| <b>Total equity and liabilities</b>      |           | <b>1,29,935.80</b>                                  | <b>1,785.36</b>          | <b>1,31,721.16</b>                  | <b>1,22,559.54</b>                                  | <b>9,975.34</b>          | <b>1,32,534.88</b>                  |

# Notes to Financial Statements

for the year ended on 31st March, 2017

## (ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016

(₹ in Lacs)

| Particulars                                                                                          | Foot<br>Note | Year Ended<br>31-03-2016<br>(Reported as per<br>Previous GAAP) | Adjustment<br>due to Ind AS | Year Ended<br>31-03-2016<br>(As per Ind AS) |
|------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------|-----------------------------|---------------------------------------------|
| <b>Income</b>                                                                                        |              |                                                                |                             |                                             |
| Revenue from operations                                                                              | e            | 1,71,927.40                                                    | 9,906.11                    | 1,81,833.51                                 |
| Other income                                                                                         |              | 1,678.53                                                       | 70.22                       | 1,748.75                                    |
| <b>Total income</b>                                                                                  |              | <b>1,73,605.93</b>                                             | <b>9,976.33</b>             | <b>1,83,582.26</b>                          |
| <b>Expenses</b>                                                                                      |              |                                                                |                             |                                             |
| Cost of raw materials and components consumed                                                        |              | 1,06,575.90                                                    | (114.40)                    | 1,06,461.50                                 |
| Purchase of stock-in-trade                                                                           |              | 161.86                                                         | -                           | 161.86                                      |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade                        |              | 6,419.93                                                       | -                           | 6,419.93                                    |
| Excise duty on sales                                                                                 | e            | -                                                              | 10,067.25                   | 10,067.25                                   |
| Employee benefits expense                                                                            | a            | 10,127.78                                                      | (131.60)                    | 9,996.18                                    |
| Finance costs                                                                                        | b            | 750.21                                                         | (151.19)                    | 599.02                                      |
| Depreciation and amortisation expense                                                                | d            | 5,676.87                                                       | 0.35                        | 5,677.22                                    |
| Other expenses                                                                                       |              | 20,169.68                                                      | (0.01)                      | 20,169.67                                   |
| <b>Total expenses</b>                                                                                |              | <b>1,49,882.23</b>                                             | <b>9,670.40</b>             | <b>1,59,552.63</b>                          |
| <b>Profit before tax</b>                                                                             |              | <b>23,723.70</b>                                               | <b>305.93</b>               | <b>24,029.63</b>                            |
| <b>Tax expense</b>                                                                                   | g            |                                                                |                             |                                             |
| Current tax                                                                                          |              | 7,611.60                                                       | 45.55                       | 7,657.15                                    |
| Excess provision for current tax of earlier years                                                    |              | (186.43)                                                       | -                           | (186.43)                                    |
| Deferred tax                                                                                         |              | 26.04                                                          | 10.83                       | 36.87                                       |
| <b>Total tax expense</b>                                                                             |              | <b>7,451.21</b>                                                | <b>56.38</b>                | <b>7,507.59</b>                             |
| <b>Profit for the period</b>                                                                         |              | <b>16,272.49</b>                                               | <b>249.55</b>               | <b>16,522.04</b>                            |
| Other comprehensive income                                                                           |              |                                                                |                             |                                             |
| <b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b> | f            |                                                                |                             |                                             |
| Re-measurement loss on defined benefit plans                                                         | a            | -                                                              | (131.61)                    | (131.61)                                    |
| Income tax effect                                                                                    | g            | -                                                              | 45.55                       | 45.55                                       |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods        |              | -                                                              | (86.06)                     | (86.06)                                     |
| Other comprehensive income for the period, net of tax                                                |              | -                                                              | (86.06)                     | (86.06)                                     |
| <b>Total comprehensive income for the period, net of tax</b>                                         |              | <b>16,272.49</b>                                               | <b>163.49</b>               | <b>16,435.98</b>                            |

# Notes to Financial Statements

for the year ended on 31st March, 2017

## (iii) Reconciliation of Equity

| Particulars                                     | Foot Note | (₹ in Lacs)        |                  |
|-------------------------------------------------|-----------|--------------------|------------------|
|                                                 |           | As at 31.03.2016   | As at 01.04.2015 |
| Net worth under IGAAP                           |           | 1,04,016.81        | 90,837.56        |
| Dividend and tax on dividend distribution       | c         | -                  | 3,093.24         |
| Fair value gain / (loss) on investments         | b         | 421.83             | 235.48           |
| Deferred taxes                                  | g         | (27.06)            | (16.23)          |
| Amortisation of leasehold land                  | d         | (7.78)             | (7.43)           |
| Amortisation of processing charges on borrowing | b         | 8.08               | 18.03            |
| Amortization of interest received in advance    | b         | (1.73)             | -                |
| <b>Net Worth under Ind AS</b>                   |           | <b>1,04,410.15</b> | <b>94,160.65</b> |

### Explanatory Notes to the transition from previous GAAP to Ind AS:

#### (a) Re-measurement cost of net defined liability:

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, re-measurements comprising of actuarial gains and losses, the effect of the asset selling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI.

#### (b) Classification and fair value measurement of Financial Assets and Financial Liabilities:

The Company has assessed the classification and fair valuation impact of financial assets and liabilities under Ind AS 32 / Ind AS 109 on the basis of the facts and circumstances at the transition date. Impact of fair value changes as on date of transition, is recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss or Other Comprehensive Income, as the case may be.

Sales bills discounted has been recognised as financial assets and liabilities as the Company has retain substantially all risks and rewards of ownership of the transferred assets based on arrangements with the bankers and the customers.

Borrowings (part of Financial Liabilities) - Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to the Statement of Profit and Loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability measured at amortised cost and charged to Statement of Profit and Loss using the Effective Interest Rate (EIR) method.

#### (c) Reversal of Proposed Dividend and Tax thereon:

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a General Meeting) or paid.

In the case of the Company, the declaration of final dividend occurs after period end. Therefore, the liability for the year ended on 31st March, 2015 recorded for dividend has been derecognised against retained earnings on 1st April, 2015 and the same liability was recognised in the financial year 2015-16.

#### (d) Leasehold Land:

Under previous GAAP, value of leasehold land is amortised in equal instalments during the last fifteen years of the lease term where as under Ind AS value of leasehold land is amortised over the period of lease.

#### (e) Excise Duty:

Under previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of Profit and Loss as part of expenses.

#### (f) Other comprehensive income:

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP Statement of Profit and Loss to Statement of Profit and Loss as per Ind AS. Further, Indian GAAP Statement of Profit and Loss is reconciled to total comprehensive income as per Ind AS.

# Notes to Financial Statements

for the year ended on 31st March, 2017

## (g) Deferred Tax Adjustments:

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in co-relation to the underlying transaction either in retained earnings or a separate component of equity. Further, tax credits in the form of minimum alternate tax credit entitlement is classified as deferred tax under Ind AS.

## (h) Statement of cash flow:

The transition from Indian GAAP to Ind AS does not have material impact on the Statement of Cash Flows.

## 38 DISCLOSURE OF SIGNIFICANT INTEREST IN SUBSIDIARIES AS PER PARAGRAPH 17 OF IND AS 27

| Name of Entity | Relationship | Place of Business        | Ownership % |
|----------------|--------------|--------------------------|-------------|
| Ratnamani INC. | Subsidiary   | United States of America | 100%        |

Note : Method of accounting investment in subsidiary is at cost.

## 39 EXPOSURE DRAFTS AND ACCOUNTING STANDARDS NOT YET NOTIFIED

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

- (a) Amendments to Ind AS 7, Statement of Cash Flows: The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st April, 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.
- (b) Amendments to Ind AS 102, Share-based Payment: The MCA has issued amendments to Ind AS 102 that address three main areas
  - i) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction,
  - ii) the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and
  - iii) accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1st April, 2017.

These amendments does not have material impact on the Company's financial statements. The Company will adopt these amendments from their applicability date.

## 40 EVENTS OCCURRED AFTER THE BALANCE SHEET DATE

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 17th May, 2017, there were no subsequent events to be recognized or reported that are not already previously disclosed.

As per our report of even date

### For Mehta Lodha & Co.

Chartered Accountants

ICAI Firm Registration No: 106250W

**per PRAKASH D. SHAH**

Partner

Membership No. 34363

### For S R B C & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

**per ARPIT K. PATEL**

Partner

Membership No. 34032

### For Ratnamani Metals & Tubes Limited

**P. M. SANGHVI**

Chairman and  
Managing Director

**S. M. SANGHVI**

Whole Time Director

**DR. V. M. AGRAWAL**

Director

**NIDHI GADHECHA**

Director

**VIMAL KATTA**

Chief Financial Officer

Place : Ahmedabad

Date : 17th May, 2017

**J. M. SANGHVI**

Whole Time  
Director

**D. C. ANJARIA**

Director

**P. M. MEHTA**

Director

**JIGAR SHAH**

Company Secretary

Place : Ahmedabad

Date : 17th May, 2017

# Independent Auditors' Report

To the Members of  
**Ratnamani Metals & Tubes Limited**

## **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of Ratnamani Metals & Tubes Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS 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. We conducted our audit in accordance with the Standards on Auditing,

issued by the Institute of Chartered Accountants of India, as 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 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of Mehta Lodha & Co. on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the Mehta Lodha & Co. on separate financial statements and the other financial information of subsidiary as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of Mehta Lodha & Co. on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – refer note-27 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts

including derivative contracts during the year ended March 31, 2017.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2017.
- iv. The Holding Company has provided requisite disclosures in note-36 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of account maintained by the Holding Company and as produced to us by the Management of the Holding Company.

#### Other Matter

We did not jointly audit the financial statements and other financial information, in respect of its subsidiary whose Ind AS financial statements include total assets of ₹ 93.45 lacs and net assets of ₹ 90.13 lacs as at March 31, 2017, and total revenues of ₹ 640.64 lacs and net cash outflows of ₹ 73.84 lacs for the year ended on that date. These financial statement and other financial information have been audited by M/s Mehta Lodha & Co., which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of such 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 report of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### FOR S R B C & CO LLP Chartered Accountants

ICAI Firm registration number: 324982E/E300003

#### PER ARPIT K. PATEL Partner

Membership No.: 34032

Place : Ahmedabad

Date : May 17, 2017

#### FOR MEHTA LODHA & CO. Chartered Accountants

ICAI Firm registration number: 106250W

#### PER PRAKASH D. SHAH Partner

Membership No.: 34363

Place : Ahmedabad

Date : May 17, 2017

# Annexure-1 to Independent Auditors' Report

**Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date for the year ended March 31, 2017**

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Ratnamani Metals & Tubes Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Ratnamani Metals & Tubes Limited (hereinafter referred to as the "Holding Company"), as of that date.

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

The Board of Directors of the Holding Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 the respective 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 Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, 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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

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

**FOR S R B C & CO LLP**  
**Chartered Accountants**

ICAI Firm registration number: 324982E/E300003

**PER ARPIT K. PATEL**  
**Partner**

Membership No.: 34032

Place : Ahmedabad

Date : May 17, 2017

**Opinion**

In our opinion, the Holding Company has maintained 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Holding 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 MEHTA LODHA & CO.**  
**Chartered Accountants**

ICAI Firm registration number: 106250W

**PER PRAKASH D. SHAH**  
**Partner**

Membership No.: 34363

Place : Ahmedabad

Date : May 17, 2017

# Consolidated Balance Sheet

as at 31st March, 2017

| Particulars                               | Notes | (₹ in Lacs)         |                     |                     |
|-------------------------------------------|-------|---------------------|---------------------|---------------------|
|                                           |       | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>ASSETS</b>                             |       |                     |                     |                     |
| <b>Non-current assets</b>                 |       |                     |                     |                     |
| Property, plant and equipment             | 3     | 44,748.44           | 44,504.71           | 42,301.34           |
| Capital work-in-progress                  | 3     | 3,830.93            | 4,765.64            | 4,179.80            |
| Intangible assets                         | 3     | 62.40               | 94.65               | 166.50              |
| Financial assets                          | 4     |                     |                     |                     |
| (i) Investments                           |       | 0.11                | 0.11                | 0.11                |
| (ii) Loans                                |       | 9.26                | 8.56                | 10.01               |
| (iii) Other financial assets              |       | 397.70              | 396.39              | 379.53              |
| Other non-current assets                  | 9     | 1,191.49            | 420.77              | 2,105.57            |
| <b>Total non-current assets</b>           |       | <b>50,240.33</b>    | <b>50,190.83</b>    | <b>49,142.86</b>    |
| <b>Current assets</b>                     |       |                     |                     |                     |
| Inventories                               | 5     | 33,909.83           | 29,472.97           | 34,308.87           |
| Financial assets                          |       |                     |                     |                     |
| (i) Investments                           | 4     | 7,383.08            | 2,421.83            | 2,235.48            |
| (ii) Trade receivables                    | 6     | 42,543.04           | 38,991.50           | 31,997.56           |
| (iii) Cash and cash equivalents           | 7     | 1,540.93            | 1,230.15            | 4,749.43            |
| (iv) Bank balances other than (iii) above | 8     | -                   | -                   | 3,053.00            |
| (v) Loans                                 | 4     | 21.60               | 2,968.63            | 276.01              |
| (vi) Other financial assets               | 4     | 270.96              | 338.78              | 195.76              |
| Other current assets                      | 9     | 5,473.63            | 6,243.12            | 6,717.58            |
| <b>Total current assets</b>               |       | <b>91,143.07</b>    | <b>81,666.98</b>    | <b>83,533.69</b>    |
| <b>Total Assets</b>                       |       | <b>141,383.40</b>   | <b>131,857.81</b>   | <b>132,676.55</b>   |
| <b>EQUITY AND LIABILITIES</b>             |       |                     |                     |                     |
| <b>Equity</b>                             |       |                     |                     |                     |
| Equity share capital                      | 10    | 934.56              | 934.56              | 934.56              |
| Other equity                              | 11    |                     |                     |                     |
| (i) Securities premium                    |       | 2,279.06            | 2,279.06            | 2,279.06            |
| (ii) Retained earnings                    |       | 42,050.88           | 27,790.85           | 27,534.02           |
| (iii) Other reserves                      |       | 73,513.71           | 73,516.11           | 63,509.91           |
| <b>Total other equity</b>                 |       | <b>117,843.65</b>   | <b>103,586.02</b>   | <b>93,322.99</b>    |
| <b>Total equity</b>                       |       | <b>118,778.21</b>   | <b>104,520.58</b>   | <b>94,257.55</b>    |
| <b>Liabilities</b>                        |       |                     |                     |                     |
| <b>Non-current liabilities</b>            |       |                     |                     |                     |
| Financial liabilities                     |       |                     |                     |                     |
| (i) Borrowings                            | 12    | -                   | -                   | 832.72              |
| Provisions                                | 17    | 81.03               | -                   | -                   |
| Deferred tax liabilities (net)            | 13    | 4,725.63            | 4,829.60            | 4,792.73            |
| <b>Total non-current liabilities</b>      |       | <b>4,806.66</b>     | <b>4,829.60</b>     | <b>5,625.45</b>     |
| <b>Current liabilities</b>                |       |                     |                     |                     |
| Financial liabilities                     |       |                     |                     |                     |
| (i) Borrowings                            | 12    | -                   | 1,430.90            | 11,949.53           |
| (ii) Trade payables                       | 14    | 11,713.81           | 12,276.67           | 12,674.45           |
| (iii) Other financial liabilities         | 15    | 786.45              | 2,279.03            | 1,706.49            |
| Other current liabilities                 | 16    | 4,049.83            | 4,349.32            | 5,313.64            |
| Provisions                                | 17    | 568.18              | 304.03              | 252.91              |
| Current tax liabilities (net)             | 18    | 680.26              | 1,867.68            | 896.53              |
| <b>Total current liabilities</b>          |       | <b>17,798.53</b>    | <b>22,507.63</b>    | <b>32,793.55</b>    |
| <b>Total Equity and Liabilities</b>       |       | <b>141,383.40</b>   | <b>131,857.81</b>   | <b>132,676.55</b>   |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

**For Mehta Lodha & Co.**  
 Chartered Accountants  
 ICAI Firm Registration No: 106250W  
**per PRAKASH D. SHAH**  
 Partner  
 Membership No. 34363

**For S R B C & Co. LLP**  
 Chartered Accountants  
 ICAI Firm Registration No: 324982E/E300003  
**per ARPIT K. PATEL**  
 Partner  
 Membership No. 34032

**For Ratnamani Metals & Tubes Limited**

**P. M. SANGHVI**  
 Chairman and  
 Managing Director  
**S. M. SANGHVI**  
 Whole Time Director  
**DR. V. M. AGRAWAL**  
 Director  
**NIDHI GADHECHA**  
 Director  
**VIMAL KATTA**  
 Chief Financial Officer  
 Place : Ahmedabad  
 Date : 17th May, 2017

**J. M. SANGHVI**  
 Whole Time  
 Director  
**D. C. ANJARIA**  
 Director  
**P. M. MEHTA**  
 Director  
**JIGAR SHAH**  
 Company Secretary

Place : Ahmedabad  
 Date : 17th May, 2017

# Consolidated Statement of Profit and Loss

for the year ended on 31st March, 2017

| Particulars                                                                                   | Notes | (₹ in Lacs)              |                          |
|-----------------------------------------------------------------------------------------------|-------|--------------------------|--------------------------|
|                                                                                               |       | Year Ended<br>31-03-2017 | Year Ended<br>31-03-2016 |
| <b>Income</b>                                                                                 |       |                          |                          |
| Revenue from operations                                                                       | 19    | 147,622.51               | 181,847.27               |
| Other income                                                                                  | 20    | 1,387.65                 | 1,748.75                 |
| <b>Total income</b>                                                                           |       | <b>149,010.16</b>        | <b>183,596.02</b>        |
| <b>Expenses</b>                                                                               |       |                          |                          |
| Cost of raw materials and components consumed                                                 | 21    | 91,307.38                | 106,461.50               |
| Purchase of stock-in-trade                                                                    |       | 584.10                   | 161.86                   |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade                 | 22    | (3,841.84)               | 6,419.93                 |
| Excise duty on sales                                                                          |       | 6,439.21                 | 10,067.25                |
| Employee benefits expenses                                                                    | 23    | 9,824.31                 | 10,010.01                |
| Finance costs                                                                                 | 24    | 607.21                   | 599.40                   |
| Depreciation and amortisation expenses                                                        | 3     | 5,969.85                 | 5,677.22                 |
| Other expenses                                                                                | 25    | 17,598.34                | 20,160.33                |
| <b>Total expenses</b>                                                                         |       | <b>128,488.56</b>        | <b>159,557.50</b>        |
| <b>Profit before tax</b>                                                                      |       | <b>20,521.60</b>         | <b>24,038.52</b>         |
| <b>Tax expense</b>                                                                            |       |                          |                          |
| Current tax                                                                                   | 13    | 6,371.83                 | 7,658.71                 |
| Excess provision for current tax of earlier years                                             |       | (152.19)                 | (186.43)                 |
| Deferred tax                                                                                  | 13    | (103.97)                 | 36.87                    |
| <b>Total tax expense</b>                                                                      |       | <b>6,115.67</b>          | <b>7,509.15</b>          |
| <b>Profit for the year</b>                                                                    |       | <b>14,405.93</b>         | <b>16,529.37</b>         |
| <b>Other comprehensive income</b>                                                             |       |                          |                          |
| A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods: |       |                          |                          |
| Re-measurement loss on defined benefit plans                                                  |       | (223.11)                 | (131.61)                 |
| Income tax effect                                                                             | 13    | 77.21                    | 45.55                    |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods |       | (145.90)                 | (86.06)                  |
| Other comprehensive income for the year, net of tax                                           |       | (145.90)                 | (86.06)                  |
| <b>Total comprehensive income for the year, net of tax</b>                                    |       | <b>14,260.03</b>         | <b>16,443.31</b>         |
| <b>Profit for the year attributable to:</b>                                                   |       |                          |                          |
| Equity holders of the parent                                                                  |       | 14,405.93                | 16,529.37                |
| Non-controlling interest                                                                      |       | -                        | -                        |
| <b>Total comprehensive income attributable to:</b>                                            |       |                          |                          |
| Equity holders of the parent                                                                  |       | 14,260.03                | 16,443.31                |
| Non-controlling interest                                                                      |       | -                        | -                        |
| Earnings per equity share                                                                     | 31    |                          |                          |
| [nominal value per share ₹ 2/- (March 31, 2016: ₹ 2/- )]                                      |       |                          |                          |
| Basic & Diluted                                                                               |       | 30.83                    | 35.37                    |
| Summary of significant accounting policies                                                    | 2.1   |                          |                          |

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

**For Mehta Lodha & Co.**

Chartered Accountants

ICAI Firm Registration No: 106250W

**per PRAKASH D. SHAH**

Partner

Membership No. 34363

**For S R B C & Co. LLP**

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

**per ARPIT K. PATEL**

Partner

Membership No. 34032

**For Ratnamani Metals & Tubes Limited**

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**S. M. SANGHVI**

Whole Time Director

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Director

**NIDHI GADHECHA**

Director

**VIMAL KATTA**

Chief Financial Officer

Place : Ahmedabad

Date : 17th May, 2017

**J. M. SANGHVI**

Whole Time  
Director

**D. C. ANJARIA**

Director

**P. M. MEHTA**

Director

**JIGAR SHAH**

Company Secretary

Place : Ahmedabad

Date : 17th May, 2017

# Consolidated Statement of Change in Equity

for the year ended on 31st March, 2017

## A. Equity Share Capital

| Equity shares of ₹ 2 each issued, subscribed and fully paid | No. in Lacs   | ₹ in Lacs     |
|-------------------------------------------------------------|---------------|---------------|
| As at 1st April, 2015                                       | 467.28        | 934.56        |
| Issue of Equity Share Capital                               | -             | -             |
| As at 31st March, 2016                                      | 467.28        | 934.56        |
| Issue of Equity Share Capital                               | -             | -             |
| <b>As at 31st March, 2017</b>                               | <b>467.28</b> | <b>934.56</b> |

## B. Other Equity

(₹ in Lacs)

| Particulars                                                               | Reserves & Surplus |                 |                      |                  |                   |                                                                   | Total Other Equity |
|---------------------------------------------------------------------------|--------------------|-----------------|----------------------|------------------|-------------------|-------------------------------------------------------------------|--------------------|
|                                                                           | Securities Premium | Capital Reserve | Amalgamation Reserve | General Reserve  | Retained Earnings | Other Comprehensive Income - Foreign Currency Translation Reserve |                    |
| As at 1st April, 2015                                                     | 2,279.06           | 490.04          | 392.11               | 62,625.16        | 27,534.02         | 2.60                                                              | 93,322.99          |
| Profit for the year                                                       | -                  | -               | -                    | -                | 16,529.37         | -                                                                 | 16,529.37          |
| Foreign currency translation reserve                                      | -                  | -               | -                    | -                | -                 | 6.20                                                              | 6.20               |
| Other Comprehensive Income (Re-measurement loss on defined benefit plans) | -                  | -               | -                    | -                | (86.06)           | -                                                                 | (86.06)            |
| Total Comprehensive Income                                                | -                  | -               | -                    | -                | 16,443.31         | 6.20                                                              | 16,449.51          |
| Transfer to General Reserves                                              | -                  | -               | -                    | 10,000.00        | (10,000.00)       | -                                                                 | -                  |
| Cash Dividend (refer note-11)                                             | -                  | -               | -                    | -                | (5,140.08)        | -                                                                 | (5,140.08)         |
| Dividend Distribution Tax (refer note-11)                                 | -                  | -               | -                    | -                | (1,046.40)        | -                                                                 | (1,046.40)         |
| As at 31st March 2016                                                     | 2,279.06           | 490.04          | 392.11               | 72,625.16        | 27,790.85         | 8.80                                                              | 103,586.02         |
| Profit for the year                                                       | -                  | -               | -                    | -                | 14,405.93         | -                                                                 | 14,405.93          |
| Foreign currency translation reserve                                      | -                  | -               | -                    | -                | -                 | (2.40)                                                            | (2.40)             |
| Other Comprehensive Income (Re-measurement loss on defined benefit plans) | -                  | -               | -                    | -                | (145.90)          | -                                                                 | (145.90)           |
| Total Comprehensive Income                                                | -                  | -               | -                    | -                | 14,260.03         | (2.40)                                                            | 14,257.63          |
| <b>As at 31st March 2017</b>                                              | <b>2,279.06</b>    | <b>490.04</b>   | <b>392.11</b>        | <b>72,625.16</b> | <b>42,050.88</b>  | <b>6.40</b>                                                       | <b>117,843.65</b>  |

As per our report of even date

**For Mehta Lodha & Co.**  
 Chartered Accountants  
 ICAI Firm Registration No: 106250W  
**per PRAKASH D. SHAH**  
 Partner  
 Membership No. 34363

**For S R B C & Co. LLP**  
 Chartered Accountants  
 ICAI Firm Registration No: 324982E/E300003  
**per ARPIT K. PATEL**  
 Partner  
 Membership No. 34032

**For Ratnamani Metals & Tubes Limited**

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 Chief Financial Officer  
 Place : Ahmedabad  
 Date : 17th May, 2017

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 Whole Time Director  
**D. C. ANJARIA**  
 Director  
**P. M. MEHTA**  
 Director  
**JIGAR SHAH**  
 Company Secretary

Place : Ahmedabad  
 Date : 17th May, 2017

# Consolidated Cash Flow Statement

for the year ended on 31st March, 2017

(₹ in Lacs)

| Particulars                                                                                   | Year ended<br>31-03-2017 | Year ended<br>31-03-2016 |
|-----------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>                                                 |                          |                          |
| Profit before tax                                                                             | 20,521.60                | 24,038.52                |
| Adjustments to reconcile profit before tax to net cash flows:                                 |                          |                          |
| (Gain)/Loss on Sale/Discard of property, plant and equipment & Capital Work-in-Progress (net) | 13.78                    | 152.69                   |
| Depreciation of property, plant and equipment                                                 | 5,937.60                 | 5,604.79                 |
| Amortisation of intangible assets                                                             | 32.25                    | 72.43                    |
| Dividend income                                                                               | (167.92)                 | (197.49)                 |
| Finance income (including fair value changes in financial instruments)                        | (1,387.65)               | (1,935.10)               |
| Unrealised foreign exchange loss                                                              | 123.83                   | 97.81                    |
| Excess provision & sundry balances written back                                               | -                        | (47.61)                  |
| Finance costs (including fair value changes in financial instruments)                         | 412.83                   | 292.06                   |
| Re-measurement loss on defined benefit plans                                                  | (145.90)                 | (86.06)                  |
| <b>Operating Profit before working capital changes</b>                                        | <b>25,340.42</b>         | <b>27,992.04</b>         |
| Working capital adjustments:                                                                  |                          |                          |
| Decrease/(Increase) in trade receivables                                                      | (3,551.54)               | (6,946.33)               |
| Decrease/(Increase) in inventories                                                            | (4,436.86)               | 4,835.90                 |
| Decrease/(Increase) in current loans                                                          | 2,947.03                 | (2,692.62)               |
| Decrease/(Increase) in non current loans                                                      | (0.70)                   | 1.45                     |
| Decrease/(Increase) in other current financial assets                                         | 86.15                    | (245.17)                 |
| Decrease/(Increase) in other non-current financial assets                                     | (1.31)                   | (16.86)                  |
| Decrease/(Increase) in other current non-financial assets                                     | 769.49                   | 474.46                   |
| (Decrease)/Increase in trade payables                                                         | (562.86)                 | (397.78)                 |
| (Decrease)/Increase in other current liabilities                                              | (299.49)                 | (964.32)                 |
| (Decrease)/Increase in other current financial liabilities                                    | (29.00)                  | 56.34                    |
| (Increase) in other non current Asset                                                         | (20.00)                  | -                        |
| Increase in provisions                                                                        | 345.18                   | 51.12                    |
| <b>Cash generated from operations</b>                                                         | <b>20,586.51</b>         | <b>22,148.23</b>         |
| Direct taxes paid (net)                                                                       | (7,409.68)               | (6,669.69)               |
| <b>Net Cash (used in)/generated from operating activities</b>                                 | <b>13,176.83</b>         | <b>15,478.54</b>         |
| <b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>                                                 |                          |                          |
| Purchase of fixed assets, including CWIP and capital advances                                 | (6,611.70)               | (6,182.09)               |
| Proceeds from sale of fixed assets                                                            | 55.16                    | 54.09                    |
| Sales / (Purchase) of investments (net)                                                       | (4,961.25)               | -                        |
| Redemption/maturity of bank deposits<br>(having original maturity of more than three months)  | -                        | 3,053.00                 |
| Dividend income                                                                               | 167.92                   | 197.49                   |
| Interest income                                                                               | 1,369.32                 | 1,850.90                 |
| <b>Net Cash (used in)/generated from investing activities</b>                                 | <b>(9,980.55)</b>        | <b>(1,026.61)</b>        |

# Consolidated Cash Flow Statement

for the year ended on 31st March, 2017

| Particulars                                                                         | ( ₹ in Lacs)             |                          |
|-------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                                     | Year ended<br>31-03-2017 | Year ended<br>31-03-2016 |
| <b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>                                       |                          |                          |
| Repayment of long term borrowings                                                   | (902.52)                 | (870.51)                 |
| Short term borrowings (net)                                                         | (1,430.90)               | (10,518.63)              |
| Dividend paid                                                                       | -                        | (5,140.08)               |
| Dividend distribution tax on dividend                                               | -                        | (1,046.40)               |
| Interest paid                                                                       | (425.85)                 | (303.98)                 |
| <b>Net Cash (used in)/generated from financing activities</b>                       | <b>(2,759.27)</b>        | <b>(17,879.60)</b>       |
| <b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>                         | <b>437.01</b>            | <b>(3,427.67)</b>        |
| Effect of Foreign currency translation reserve                                      | (2.40)                   | 6.20                     |
| Effect of exchange difference on Cash and Cash equivalents held in foreign currency | (123.83)                 | (97.81)                  |
| Cash and Cash Equivalents at the beginning of the year                              | 1,230.15                 | 4,749.43                 |
| <b>Cash and Cash Equivalents at the end of the year (refer note-7)</b>              | <b>1,540.93</b>          | <b>1,230.15</b>          |

As per our report of even date

**For Mehta Lodha & Co.**

Chartered Accountants

ICAI Firm Registration No: 106250W

**per PRAKASH D. SHAH**

Partner

Membership No. 34363

**For S R B C & Co. LLP**

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

**per ARPIT K. PATEL**

Partner

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Director

**VIMAL KATTA**

Chief Financial Officer

Place : Ahmedabad

Date : 17th May, 2017

**J. M. SANGHVI**

Whole Time  
Director

**D. C. ANJARIA**

Director

**P. M. MEHTA**

Director

**JIGAR SHAH**

Company Secretary

Place : Ahmedabad

Date : 17th May, 2017

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## 1 CORPORATE INFORMATION :

The consolidated financial statements comprise financial statements of Ratnamani Metals & Tubes Limited (the "Company") and its subsidiary (collectively the "Group") for the year ended 31st March, 2017. The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The registered office of the Company is located at 17, Rajmugat Society, Naranpura Char Rasta, Naranpura, Ahmedabad, Gujarat. The Company is engaged in the manufacturing of stainless steel pipes and tubes and carbon steel pipes at Kutch, Indrad and Chhatral in the state of Gujarat. The Company caters to both domestic and international markets.

The consolidated financial statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 17th May 2017.

## 2 BASIS OF PREPARATION:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31st March, 2016, the Group prepared its consolidated financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act, 2013 (the "Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These consolidated financial statements for the year ended 31st March, 2017 are the first the Group has prepared in accordance with Ind AS. Refer note-38 for information on how the Company adopted Ind AS.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value (Refer accounting policy regarding financial instruments)

The consolidated financial statements are presented in ₹ and all values are rounded to the nearest Lacs (₹ 00,000), except where otherwise indicated.

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### a PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprises the financial statements of the Company and its subsidiary, Ratnamani Inc., USA for the year ended 31st March, 2017. In the preparation of consolidated financial statements, investment in subsidiary has been accounted for in accordance with Ind AS 110 on 'Consolidated Financial Statements (CFSs)'. consolidated financial statements have been prepared on the following basis:

- i) Subsidiary is fully consolidated from the date of incorporation, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases (including through voting rights). Subsidiary has been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions. The unrealized profits resulting from intra-group transactions that are included in the carrying amount of assets are eliminated in full.
- ii) Financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, consistent with the Company's stand-alone financial statements for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Any deviation in accounting policies is disclosed separately.
- iii) On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income (OCI).

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

- iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- v) The subsidiary considered in the consolidated financial statements are:

| Name of the Company | Country of Incorporation | % of Ownership interest as at 31st March, 2017 |
|---------------------|--------------------------|------------------------------------------------|
| Ratnamani INC.      | United States of America | 100%                                           |

## **b CURRENT VERSUS NON-CURRENT CLASSIFICATION:**

The Group presents assets and liabilities in the Consolidated Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**A liability is current when:**

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve month as its operating cycle.

## **c FOREIGN CURRENCIES:**

The Group's consolidated financial statements are presented in ₹, which is also the Group's functional currency.

### **Transactions and balances**

Transactions in foreign currencies are initially recorded in the Group's functional currency at the exchange rates prevailing on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are restated in the functional currency at the exchange rates prevailing on the reporting date of financial statements.

Exchange differences arising on settlement of such transaction and on translation of monetary items are recognised in Consolidated Statement of Profit and Loss with the exception stated under note-37 whereby the exchange differences arising on long-term foreign currency monetary items related to acquisition of PPE recognised in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. 31st March, 2016 are capitalised / decapitalised to cost of PPE and depreciated over the remaining useful life of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## d FAIR VALUE MEASUREMENT:

The Group measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Management determines the policies and procedures for both recurring fair value measurement, such as derivative financial instruments and unquoted financial assets measured at fair value, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant accounting judgements, estimates and assumptions (refer note-33 and 37)
- Quantitative disclosures of fair value measurement hierarchy (refer note-34)
- Financial instruments (including those carried at amortised cost) (refer note-34)

## **e PROPERTY, PLANT AND EQUIPMENT (PPE):**

On the date of transition, the Group has elected to continue with the previous GAAP's carrying amount as deemed cost to measure all the items of property, plant and equipment.

PPE and Capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhauling is performed, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of parts replaced, are charged to the Consolidated Statement of Profit and Loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items, outstanding in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial statements i.e. 31st March, 2016 and pertaining to the acquisition of a depreciable asset, to the cost of the asset and depreciates the same over the remaining life of the asset.

CWIP comprises of cost of PPE that are yet not installed and not ready for their intended use at the Balance Sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if applicable.

The Group calculates depreciation on items of property, plant and equipment on a straight-line basis using the rates arrived at based on the useful lives defined under Schedule II of the Companies Act, 2013, except in respect of following fixed assets:

- (i) Long Term Lease hold land is amortised over a period of 99 years, being the lease term.
- (ii) Furnace and X-ray machines are depreciated at an annual rate of 20% to bring the depreciation rates in line with the useful life of assets as estimated by the Technical Team of the Group.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## **f INTANGIBLE ASSETS:**

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets in the form of softwares are amortised on a straight-line basis over six years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

## **g IMPAIRMENT OF NON-FINANCIAL ASSETS:**

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Consolidated Statement of Profit and Loss. If at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## **h BORROWING COSTS:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **i LEASES:**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### **Group as a lessee :**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. A leased asset is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

## **j FINANCIAL INSTRUMENTS:**

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

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## Financial assets

### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Consolidated Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments - measured at amortised cost
- Debt instruments, derivatives and equity instruments - measured at fair value through Consolidated Statement of Profit and Loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss. This category generally applies to trade, loans and other receivables.

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- Financial guarantee contracts which are not measured at FVTPL.

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Consolidated Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

## Financial assets measured at amortised cost:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Consolidated Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Consolidated Statement of Profit and Loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

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

The Group's financial liabilities include trade and other payables, loans and borrowings including cash credit facilities from banks and derivative financial instruments.

## **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Consolidated Statement of Profit and Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through Consolidated Statement of Profit and Loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Consolidated Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Consolidated Statement of Profit and Loss. The Group has not designated any financial liability at FVTPL.

## **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

This category generally applies to borrowings.

## **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value through Consolidated Statement of Profit and Loss (FVTPL), adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

## **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

## **Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## k INVENTORIES:

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, wherever considered necessary. However, materials and other items held for use in the production of inventories 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. Scrap is valued at net realisable value. Cost is determined on a Weighted Average method.

Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, incurred in bringing them in their respective present location and condition. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

## I REVENUE:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

### i) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of VAT/CST, trade discounts & other taxes, adjustments for late delivery charges and material returned/rejected.

### ii) The Group accounts for pro forma credits, refunds of duty of customs or excise, or refunds of sales tax in the year of admission of such claims by the concerned authorities. Benefits in respect of Export

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

Licenses are recognised on application. Export benefits are accounted for as other operating income in the year of export based on eligibility and when there is no uncertainty on receiving the same.

- iii) Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.
- iv) Interest Income is recognized on time proportion basis taking into account the amounts outstanding and the rates applicable. Interest income is included under the head "other income" in the Consolidated Statement of Profit and Loss.
- v) Revenue from windmills is recognised on unit generation basis.

## **m RETIREMENT AND OTHER EMPLOYEE BENEFITS:**

Retirement benefits in the form of provident fund and superannuation fund are defined contribution plans. The Group has no obligation, other than the contributions payable to provident fund and superannuation fund. The Group recognises contribution payable to these funds as an expense, when an employee renders the related service.

In respect of gratuity liability, the Group operates defined benefit plan wherein contributions are made to a separately administered fund. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each reporting date being carried out using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Consolidated Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Consolidated Statement of Profit and Loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated Statement of Profit and Loss:

- Service costs comprising current service costs; and
- Net interest expense or income

The liability in respect of unused leave entitlement of the employees as at the reporting date is determined on the basis of an independent actuarial valuation carried out and the liability is recognized in the Consolidated Statement of Profit and Loss. The Group presents the entire leave as a current liability in the Consolidated Balance Sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Actuarial gain and loss is recognise in full in the period in which they occur in the Consolidated Statement of Profit and Loss.

## **n TAXES:**

### **Current income tax:**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generate taxable income.

Current income tax relating to items recognised outside the Consolidated Statement of Profit and Loss is recognised outside the Consolidated Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against the deductible temporary differences, except:

- When the deferred tax asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Consolidated Statement of Profit and Loss is recognised outside the Consolidated Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relates to the same taxable entity and the same taxation authority.

## **o PROVISIONS:**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain, the expense relating to a provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

## **p DERIVATIVE FINANCIAL INSTRUMENTS:**

### **Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts, cross currency swaps, options, interest rate futures and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value through

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

Consolidated Statement of Profit and Loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument are classified in the Consolidated Statement of Profit and Loss and reported with foreign exchange gains/(loss) not within results from operating activities. Changes in fair value and gains/(losses) on settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedge are recorded as finance cost.

## **q EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

## **r CASH AND CASH EQUIVALENT:**

Cash and cash equivalents in the Consolidated Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of charges in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## **s CASH DIVIDEND:**

The Group recognises a liability to make cash when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## **t SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **(a) Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note-26.

(b) Fair value measurement for financial instruments

When the fair values of financial assets and financial liabilities recorded in the Consolidated Balance Sheet can not be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note-33 and 34 for further disclosures.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## Note No.-3 Property, Plant and Equipment, Intangible Assets and Capital work-in-progress

### (a) Property, Plant and Equipment

| Particulars                                     | Leasehold land | Freehold land | Buildings | Plant & Machinery | Furniture & fixture | Vehicles | Office equipment | Total     |
|-------------------------------------------------|----------------|---------------|-----------|-------------------|---------------------|----------|------------------|-----------|
| <b>Cost</b>                                     |                |               |           |                   |                     |          |                  |           |
| As at 1st April, 2015                           | 27.60          | 196.92        | 9,435.14  | 31,276.00         | 414.97              | 746.59   | 204.12           | 42,301.34 |
| Additions                                       | -              | 270.00        | 407.96    | 6,489.76          | 10.67               | 683.28   | 64.14            | 7,925.81  |
| Deductions / Capitalisation                     | -              | -             | 475.49    | 8.56              | -                   | 140.01   | 0.88             | 624.94    |
| Foreign Exchange differences                    | -              | -             | -         | 89.13             | -                   | -        | -                | 89.13     |
| As at 31st March, 2016                          | 27.60          | 466.92        | 9,367.61  | 37,846.33         | 425.64              | 1,289.86 | 267.38           | 49,691.34 |
| Additions                                       | -              | 1,102.26      | 383.27    | 4,506.68          | 1.48                | 195.35   | 40.23            | 6,229.27  |
| Deductions / Capitalisation                     | -              | -             | -         | 27.18             | -                   | 84.28    | 15.78            | 127.24    |
| Foreign Exchange differences                    | -              | -             | -         | 21.00             | -                   | -        | -                | 21.00     |
| As at 31st March, 2017                          | 27.60          | 1,569.18      | 9,750.88  | 42,346.83         | 427.12              | 1,400.93 | 291.83           | 55,814.37 |
| <b>Depreciation/Amortization and Impairment</b> |                |               |           |                   |                     |          |                  |           |
| As at 1st April, 2015                           | -              | -             | -         | -                 | -                   | -        | -                | -         |
| Depreciation/Amortization for the year          | 0.35           | -             | 491.93    | 4,794.77          | 83.11               | 164.89   | 69.74            | 5,604.79  |
| Deductions                                      | -              | -             | 305.32    | 8.52              | -                   | 104.01   | 0.31             | 418.16    |
| As at 31st March, 2016                          | 0.35           | -             | 186.61    | 4,786.25          | 83.11               | 60.88    | 69.43            | 5,186.63  |
| Depreciation/Amortization for the year          | 0.35           | -             | 534.06    | 5,056.23          | 81.16               | 203.16   | 62.64            | 5,937.60  |
| Deductions                                      | -              | -             | -         | 0.02              | -                   | 55.06    | 3.22             | 58.30     |
| As at 31st March, 2017                          | 0.70           | -             | 720.67    | 9,842.46          | 164.27              | 208.98   | 128.85           | 11,065.93 |
| <b>Net Block</b>                                |                |               |           |                   |                     |          |                  |           |
| As at 31st March, 2017                          | 26.90          | 1,569.18      | 9,030.21  | 32,504.37         | 262.85              | 1,191.95 | 162.98           | 44,748.44 |
| As at 31st March, 2016                          | 27.25          | 466.92        | 9,181.00  | 33,060.08         | 342.53              | 1,228.98 | 197.95           | 44,504.71 |
| As at 1st April, 2015                           | 27.60          | 196.92        | 9,435.14  | 31,276.00         | 414.97              | 746.59   | 204.12           | 42,301.34 |

Buildings includes ₹ 47.80 Lacs (31st March, 2016 ₹ 47.80 Lacs and 1st April, 2015 ₹ 47.80 Lacs) representing cost of unquoted fully paid shares held in co-operative housing societies.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## (b) Intangible Assets (₹ in Lacs)

| Particulars                        | Software |
|------------------------------------|----------|
| <b>Cost</b>                        |          |
| As at 1st April, 2015              | 166.50   |
| Additions                          | 0.58     |
| As at 31st March, 2016             | 167.08   |
| Additions \ Deductions             | -        |
| As at 31st March, 2017             | 167.08   |
| <b>Amortisation and Impairment</b> |          |
| As at 1st April, 2015              | -        |
| Amortisation for the year          | 72.43    |
| As at 31st March, 2016             | 72.43    |
| Amortisation for the year          | 32.25    |
| As at 31st March, 2017             | 104.68   |
| <b>Net Block</b>                   |          |
| As at 31st March, 2017             | 62.40    |
| As at 31st March, 2016             | 94.65    |
| As at 1st April, 2015              | 166.50   |

## (c) Capital work-in-progress

| Particulars            | ₹ in Lacs |
|------------------------|-----------|
| As at 31st March, 2017 | 3,830.93  |
| As at 31st March, 2016 | 4,765.64  |
| As at 1st April, 2015  | 4,179.80  |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

| Note No. | Particulars                                                                                                                          | (₹ in Lacs)      |                  |                  |
|----------|--------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
|          |                                                                                                                                      | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
| <b>4</b> | <b>FINANCIAL ASSETS</b>                                                                                                              |                  |                  |                  |
|          | <b>Investments</b>                                                                                                                   |                  |                  |                  |
|          | <b>Non-Trade Investments</b>                                                                                                         |                  |                  |                  |
|          | Investments in Mutual Funds (Quoted) (at fair value through profit and loss)                                                         |                  |                  |                  |
|          | Nil (31st March, 2016 1,00,00,000, on 1st April, 2015 1,00,00,000) Units of ₹ 10 each in SBI- L383G SDFS-366 Days 48-Reg-Growth      | -                | 1,214.11         | 1,117.74         |
|          | Nil (31st March, 2016 1,00,00,000, on 1st April, 2015 1,00,00,000) Units of ₹ 10 each in SBI- L390G SDFS-16 Months1-Reg-Growth       | -                | 1,207.72         | 1,117.74         |
|          | 2,12,26,803.084 (31st March, 2016 Nil, on 1st April, 2015 Nil) Units of ₹ 10 each in SBI Short Term Debt Fund - Direct Plan - Growth | 4,082.17         | -                | -                |
|          | 49,378.787 (31st March, 2016 Nil, on 1st April, 2015 Nil) L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan             | 500.15           | -                | -                |
|          | 279,168.56 (31st March, 2016 Nil, on 1st April, 2015 Nil) SBI-Premier Liquid Fund Daily Dividend Option                              | 2,800.76         | -                | -                |
|          | <b>Other unquoted investments in Government Securities (At Amortised cost)</b>                                                       |                  |                  |                  |
|          | National saving certificates                                                                                                         | 0.11             | 0.11             | 0.11             |
|          |                                                                                                                                      | 7,383.19         | 2,421.94         | 2,235.59         |
|          | Current                                                                                                                              | 7,383.08         | 2,421.83         | 2,235.48         |
|          | Non-Current                                                                                                                          | 0.11             | 0.11             | 0.11             |
|          |                                                                                                                                      | 7,383.19         | 2,421.94         | 2,235.59         |
|          | Aggregate book value of Unquoted Investments                                                                                         | 0.11             | 0.11             | 0.11             |
|          | Aggregate book value of Quoted Mutual Funds                                                                                          | 7,383.08         | 2,421.83         | 2,235.48         |
|          |                                                                                                                                      | 7,383.19         | 2,421.94         | 2,235.59         |
|          | <b>Loans (Unsecured, Considered Good)</b>                                                                                            |                  |                  |                  |
|          | Loans to employees                                                                                                                   | 30.86            | 34.57            | 36.02            |
|          | Loans to others                                                                                                                      | -                | 2,942.62         | 250.00           |
|          |                                                                                                                                      | 30.86            | 2,977.19         | 286.02           |
|          | Current                                                                                                                              | 21.60            | 2,968.63         | 276.01           |
|          | Non-Current                                                                                                                          | 9.26             | 8.56             | 10.01            |
|          |                                                                                                                                      | 30.86            | 2,977.19         | 286.02           |
|          | <b>Other Financial Assets</b>                                                                                                        |                  |                  |                  |
|          | Interest accrued                                                                                                                     | 63.76            | 45.43            | 147.58           |
|          | Security deposits                                                                                                                    | 573.19           | 656.05           | 398.97           |
|          | Others                                                                                                                               | 31.71            | 33.69            | 28.74            |
|          |                                                                                                                                      | 668.66           | 735.17           | 575.29           |
|          | Current                                                                                                                              | 270.96           | 338.78           | 195.76           |
|          | Non-Current                                                                                                                          | 397.70           | 396.39           | 379.53           |
|          |                                                                                                                                      | 668.66           | 735.17           | 575.29           |

Loans are non-derivative financial assets which generate a fixed interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

Fair value disclosures for financial assets and liabilities (refer note-33.1)

Fair value hierarchy disclosures for investment (refer note-33.2)

For Financial instruments risk management objectives and policies (refer note-34)

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

| Note No. | Particulars                  | ₹ in Lacs        |                  |                  |
|----------|------------------------------|------------------|------------------|------------------|
|          |                              | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
| <b>5</b> | <b>INVENTORIES</b>           |                  |                  |                  |
|          | <b>Raw materials</b>         |                  |                  |                  |
|          | Raw materials and components | 13,553.77        | 18,347.63        | 17,059.55        |
|          | Raw materials in transit     | 5,671.98         | 327.76           | 116.74           |
|          | Work-in-progress             | 12,252.31        | 7,531.77         | 13,750.45        |
|          | <b>Finished goods</b>        |                  |                  |                  |
|          | Finished goods               | 389.54           | 1,280.74         | 1,684.01         |
|          | Finished goods in transit    | 222.00           | 212.40           | -                |
|          | Scrap                        | 6.12             | 3.22             | 13.60            |
|          | Stores and spares            | 1,814.11         | 1,769.45         | 1,684.52         |
|          |                              | <b>33,909.83</b> | <b>29,472.97</b> | <b>34,308.87</b> |

|          | Particulars                                                                  | ₹ in Lacs        |                  |                  |
|----------|------------------------------------------------------------------------------|------------------|------------------|------------------|
|          |                                                                              | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
| <b>6</b> | <b>TRADE RECEIVABLES</b>                                                     |                  |                  |                  |
|          | <b>Trade receivables</b>                                                     |                  |                  |                  |
|          | Secured, considered good                                                     | 18,092.22        | 9,046.44         | 6,758.79         |
|          | Unsecured, considered good                                                   | 24,376.50        | 29,896.76        | 25,179.50        |
|          | Unsecured, considered doubtful                                               | 147.57           | 93.55            | 141.16           |
|          | Receivables from related parties, unsecured, considered good (refer note-30) | 74.32            | 48.30            | 59.27            |
|          | <b>Total</b>                                                                 | <b>42,690.61</b> | <b>39,085.05</b> | <b>32,138.72</b> |
|          | Less: Allowance for doubtful debts                                           | 147.57           | 93.55            | 141.16           |
|          |                                                                              | <b>42,543.04</b> | <b>38,991.50</b> | <b>31,997.56</b> |

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

## Reconciliation of Allowance for doubtful debts

| Particulars                                                | Year ended 31-03-2017 | Year ended 31-03-2016 |
|------------------------------------------------------------|-----------------------|-----------------------|
| Balance at the beginning of the year                       | 93.55                 | 141.16                |
| Add: Allowance for the year                                | 108.75                | 67.99                 |
| (Less): Actual write off during the year (net of recovery) | (54.73)               | (115.60)              |
| <b>Balance at the end of the year</b>                      | <b>147.57</b>         | <b>93.55</b>          |

For terms and conditions relating to related party receivables, refer note-30

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

| Note No. | Particulars                                             | (₹ in Lacs)      |                  |                  |
|----------|---------------------------------------------------------|------------------|------------------|------------------|
|          |                                                         | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
| <b>7</b> | <b>CASH AND CASH EQUIVALENTS</b>                        |                  |                  |                  |
|          | <b>Balances with Banks</b>                              |                  |                  |                  |
|          | In Current accounts                                     | 1,430.24         | 1,085.32         | 1,262.63         |
|          | Deposits with original maturity of three months or less | -                | -                | 3,400.00         |
|          | Unpaid dividend accounts                                | 97.44            | 126.38           | 69.19            |
|          | Cash in hand                                            | 13.25            | 18.45            | 17.61            |
|          |                                                         | <b>1,540.93</b>  | <b>1,230.15</b>  | <b>4,749.43</b>  |

Short-term deposits are made for varying periods of between one day to three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

| 8 | OTHER BANK BALANCES                                       | (₹ in Lacs)      |                  |                  |
|---|-----------------------------------------------------------|------------------|------------------|------------------|
|   |                                                           | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
|   | <b>Balances with Banks</b>                                |                  |                  |                  |
|   | Deposits with original maturity of more than three months | -                | -                | 3,053.00         |
|   |                                                           | <b>-</b>         | <b>-</b>         | <b>3,053.00</b>  |

| 9 | OTHER ASSETS                         | (₹ in Lacs)      |                  |                  |
|---|--------------------------------------|------------------|------------------|------------------|
|   |                                      | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
|   | Capital advances                     | 855.04           | 106.94           | 1,960.30         |
|   | Investment in silver                 | 0.84             | 0.84             | 0.84             |
|   | Prepaid expense                      | 172.85           | 181.16           | 188.02           |
|   | Advance receivable in cash or kind   |                  |                  |                  |
|   | Advance for material                 | 1,034.07         | 1,640.68         | 1,020.51         |
|   | Excise claim receivables             | 783.95           | 537.66           | 1,119.79         |
|   | DEPB / export licenses               | 272.89           | 130.56           | 143.71           |
|   | Balances with Government authorities | 2,668.27         | 2,744.11         | 3,384.42         |
|   | Export benefits receivable           | 36.80            | 27.08            | 232.65           |
|   | Wind-Mill surplus receivable         | 120.81           | 73.65            | 39.92            |
|   | EPCG claim receivable                | -                | 14.38            | 16.56            |
|   | Others                               | 403.99           | 893.84           | 572.00           |
|   |                                      | <b>5,320.78</b>  | <b>6,061.96</b>  | <b>6,529.56</b>  |
|   |                                      | <b>6,349.51</b>  | <b>6,350.90</b>  | <b>8,678.72</b>  |
|   | Non-Current tax assets (net)         | 315.61           | 312.99           | 144.43           |
|   |                                      | <b>6,665.12</b>  | <b>6,663.89</b>  | <b>8,823.15</b>  |
|   | Current                              | 5,473.63         | 6,243.12         | 6,717.58         |
|   | Non-Current                          | 1,191.49         | 420.77           | 2,105.57         |
|   |                                      | <b>6,665.12</b>  | <b>6,663.89</b>  | <b>8,823.15</b>  |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

**Note  
No.**

## EQUITY SHARES

**No. in Lacs      ₹ in Lacs**

### 10 SHARE CAPITAL

Authorised Share Capital

As at 1st April, 2015

750.00      1,500.00

Increase/(decrease) during the year

-      -

As at 31st March, 2016

750.00      1,500.00

Increase/(decrease) during the year

-      -

As at 31st March, 2017

750.00      1,500.00

### Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2/- per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian ₹. The dividend proposed by the Board of Directors is subject to approval of the Shareholders at the ensuing Annual General Meeting.

For the current financial year 2016-17, the Company has proposed dividend of ₹ 5.50 per share to equity shareholder (declared in the previous financial year interim dividend of ₹ 5.50 per share)

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by Share holders.

### Issued Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

**No. in Lacs      ₹ in Lacs**

As at 1st April, 2015

467.28      934.56

Increase/(decrease) during the year

-      -

As at 31st March, 2016

467.28      934.56

Increase/(decrease) during the year

-      -

As at 31st March, 2017

467.28      934.56

### Details of Shareholders holding more than 5% Equity Shares in the Company

| Name of the Shareholder    | As at 31-03-2017 |        | As at 31-03-2016 |        |
|----------------------------|------------------|--------|------------------|--------|
|                            | No. of Shares    | % held | No. of Shares    | % held |
| Prakash M Sanghvi          | 54,26,690        | 11.61% | 54,26,690        | 11.61% |
| Nalanda India Fund Limited | 39,06,664        | 8.36%  | 39,06,664        | 8.36%  |
| Jayanti M Sanghvi          | 38,61,195        | 8.26%  | 38,61,195        | 8.26%  |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

| Note No.  | Particulars                                                                                                                                                                                                                                                      | (₹ in Lacs)      |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
|           |                                                                                                                                                                                                                                                                  | Amount           |
| <b>11</b> | <b>OTHER EQUITY</b>                                                                                                                                                                                                                                              |                  |
|           | <b>Securities Premium</b>                                                                                                                                                                                                                                        |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 2,279.06         |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 2,279.06         |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>2,279.06</b>  |
|           | Securities premium reserve is used to record the premium on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act, 2013                                                                                               |                  |
|           | <b>OTHER RESERVES</b>                                                                                                                                                                                                                                            |                  |
|           | <b>Foreign Exchange Translation reserve</b>                                                                                                                                                                                                                      |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 2.60             |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | 6.20             |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 8.80             |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | (2.40)           |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>6.40</b>      |
|           | <b>Capital Reserve</b>                                                                                                                                                                                                                                           |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 490.04           |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 490.04           |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>490.04</b>    |
|           | Capital reserve is mainly used to record the reserves created on receipt of state/central subsidies and amounts forfeited towards the forfeited of Equity warrants issued. This reserve is utilised in accordance with the provisions of the Companies Act, 2013 |                  |
|           | <b>Amalgamation Reserve</b>                                                                                                                                                                                                                                      |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 392.11           |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 392.11           |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>392.11</b>    |
|           | Amalgamation reserve is used to record the reserves created on amalgamation of Ratnamani Engineering Ltd. and Ratnamani Fine Tubes Pvt. Ltd. This reserve is utilised in accordance with the provisions of the Companies Act, 2013                               |                  |
|           | <b>General Reserve</b>                                                                                                                                                                                                                                           |                  |
|           | As at 1st April, 2015                                                                                                                                                                                                                                            | 62,625.16        |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | 10,000.00        |
|           | As at 31st March, 2016                                                                                                                                                                                                                                           | 72,625.16        |
|           | Increase/(decrease) during the year                                                                                                                                                                                                                              | -                |
|           | <b>As at 31st March, 2017</b>                                                                                                                                                                                                                                    | <b>72,625.16</b> |
|           | <b>Total Other Reserves</b>                                                                                                                                                                                                                                      | <b>73,513.71</b> |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

|                                                                                                                                |  | (₹ in Lacs)         |                     |
|--------------------------------------------------------------------------------------------------------------------------------|--|---------------------|---------------------|
| <b>Distribution made and proposed</b>                                                                                          |  | As at<br>31-03-2017 | As at<br>31-03-2016 |
| <b>Cash dividend on equity shares declared and paid</b>                                                                        |  |                     |                     |
| Final dividend for the year ended 31st March, 2016: ₹ Nil per share<br>(for the year ended 31st March, 2015: ₹ 5.50 per share) |  | -                   | 2,570.04            |
| Dividend distribution tax                                                                                                      |  | -                   | 523.20              |
|                                                                                                                                |  | -                   | 3,093.24            |
| Interim dividend for the year ended 31st March, 2016: ₹ 5.50 per share                                                         |  | -                   | 2,570.04            |
| Dividend distribution tax                                                                                                      |  | -                   | 523.20              |
|                                                                                                                                |  | -                   | 3,093.24            |
| <b>Proposed dividend on equity shares</b>                                                                                      |  |                     |                     |
| Final dividend for the year ended 31st March, 2017: ₹ 5.50 per share                                                           |  | 2,570.04            | -                   |
| Dividend distribution tax                                                                                                      |  | 523.20              | -                   |
|                                                                                                                                |  | 3,093.24            | -                   |
|                                                                                                                                |  | 3,093.24            | 6,186.48            |

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability (including dividend distribution tax thereon).

|           |                                                                                         | (₹ in Lacs)         |                     |                     |
|-----------|-----------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| Note No.  | Particulars                                                                             | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>12</b> | <b>BORROWINGS</b>                                                                       |                     |                     |                     |
|           | <b>Long term Borrowing</b>                                                              |                     |                     |                     |
|           | External (Foreign) commercial borrowings (secured)<br>(refer note-a)                    | -                   | 882.19              | 1,663.57            |
|           | Less:- current maturity grouped as other<br>Current financial liability (refer note-15) | -                   | (882.19)            | (830.85)            |
|           |                                                                                         | -                   | -                   | 832.72              |
|           | <b>Short term Borrowings</b>                                                            |                     |                     |                     |
|           | Cash credit/export packing credit facilities (secured)<br>(refer note-b)                | -                   | -                   | 58.19               |
|           | Buyer's credits in foreign currencies (secured)<br>(refer note-b)                       | -                   | -                   | 2,144.04            |
|           | Sales bills discounted (unsecured) (refer note-c)                                       | -                   | 1,430.90            | 9,747.30            |
|           |                                                                                         | -                   | 1,430.90            | 11,949.53           |
|           | <b>Total Borrowings</b>                                                                 | -                   | 1,430.90            | 12,782.25           |
|           | Current                                                                                 | -                   | 1,430.90            | 11,949.53           |
|           | Non-Current                                                                             | -                   | -                   | 832.72              |
|           |                                                                                         | -                   | 1,430.90            | 12,782.25           |

a External (Foreign) Commercial Borrowing of ₹ Nil (31st March, 2016 ₹ 882.19 Lacs and 1st April, 2015 ₹ 1,663.57 Lacs) from ICICI Bank Ltd. Hong Kong branch is carrying interest @ 6M Libor + 4.52% P.A. The loan is repayable in 12 half yearly instalments of USD 6,66,666.67 each from 22nd July, 2011. The loan is secured by an exclusive charge over movable assets in respect of 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No. 474, Village Bhimasar, Tal. Anjar, Dist. Kutch.

b Short term Borrowings are secured by - i) Hypothecation of Inventories, Books Debts, all other movables; ii) Second charge on Fixed Assets of the Group except, a) 8 wind mills along with related equipments/

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

machineries situated at Moti Sindholi, Kutch, Gujarat and, b) movable assets in respect of 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No.474,village Bhimasar, Tal. Anjar, Dist. Kutch; iii) Personal guarantees of Sh. Prakash M. Sanghvi, Chairman and Managing Director, Sh. Jayanti M. Sanghvi, Whole-time Director and Sh. Shanti M. Sanghvi, Whole-time Director, of the Company; iv) Joint equitable mortgage of all immovable properties held as free-hold and leasehold lands of the Company, except:

- a) Leasehold land related to 8 wind mills situated at Moti Sindholi, Kutch.
- b) Lease hold land situated at 3306-09, GIDC Chhatral, Taluka Kalol.
- c) Sales Bills discounted aggregating to ₹ NIL (31st March, 2016 ₹ 1,430.90 Lacs and 1st April, 2015 ₹ 9,747.30 Lacs) have recourse to the Group and carries interest in the range of 9.30% to 10.01% and have maturity period of 3 weeks to 3 months. Sales Bills Discounted from banks are secured by personal guarantee of Sh. Prakash M. Sanghvi, Chairman and Managing Director of the Group.

| Note No.  | Particulars                                                                                               | (₹ in Lacs)      |                  |
|-----------|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
|           |                                                                                                           | As at 31-03-2017 | As at 31-03-2016 |
| <b>13</b> | <b>INCOME TAX</b>                                                                                         |                  |                  |
|           | The major component of income tax expense for the years ended 31st March, 2017 and 31st March, 2016 are : |                  |                  |
|           | <b>Consolidated Statement of Profit and Loss</b>                                                          |                  |                  |
|           | <b>Current tax</b>                                                                                        |                  |                  |
|           | Current income tax                                                                                        | 6,371.83         | 7,658.71         |
|           | <b>Deferred tax</b>                                                                                       |                  |                  |
|           | Deferred tax expense/(benefit)                                                                            | (103.97)         | 36.87            |
|           | Tax in respect of earlier years                                                                           | (152.19)         | (186.43)         |
|           | <b>Income tax expense reported in the Consolidated Statement of Profit and Loss</b>                       | <b>6,115.67</b>  | <b>7,509.15</b>  |
|           | <b>Other comprehensive income (OCI)</b>                                                                   |                  |                  |
|           | <b>Deferred tax related to items recognised in OCI during the year</b>                                    |                  |                  |
|           | Re-measurement loss on defined benefit plans                                                              | 77.21            | 45.55            |
|           | <b>Deferred tax credited to OCI</b>                                                                       | <b>77.21</b>     | <b>45.55</b>     |

**a) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended 31st March, 2017 and 31st March, 2016:**

| Particulars                                                                                    | (₹ in Lacs)           |                       |
|------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                | Year Ended 31-03-2017 | Year Ended 31-03-2016 |
| <b>Accounting profit before tax</b>                                                            | <b>20,521.60</b>      | <b>24,038.52</b>      |
| <b>Enacted income tax rate in India applicable to the Company</b>                              | <b>34.608%</b>        | <b>34.608%</b>        |
| <b>Tax using the Company's domestic tax rate</b>                                               | <b>7,102.12</b>       | <b>8,319.25</b>       |
| <b>Tax effects of :</b>                                                                        |                       |                       |
| Exempt income                                                                                  | (58.11)               | (68.35)               |
| Deduction under chapter VIA                                                                    | (619.52)              | (394.53)              |
| Income tax allowances                                                                          | (215.98)              | -                     |
| Non-deductible expenses                                                                        | 86.05                 | 129.96                |
| Excess provision for current tax of earlier years                                              | (152.19)              | (186.43)              |
| Others                                                                                         | (26.69)               | (290.75)              |
| <b>At the effective income tax rate of 31st March, 2017: 29.80% (31st March, 2016: 31.24%)</b> | <b>6,115.67</b>       | <b>7,509.15</b>       |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## b) Deferred Tax

(₹ in Lacs)

| Particulars                                           | Balance Sheet       |                     |                     | Consolidated Statement of Profit and Loss |                          |
|-------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------------------|--------------------------|
|                                                       | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 | Year ended<br>31-03-2017                  | Year ended<br>31-03-2016 |
| Liability on accelerated depreciation for tax purpose | 4,822.02            | 4,892.90            | 4,876.17            | (70.88)                                   | 16.73                    |
| Asset on expenses allowed in year of payment          | (92.42)             | (90.37)             | (99.67)             | (2.05)                                    | 9.30                     |
| Other adjustments                                     | (3.97)              | 27.07               | 16.23               | (31.04)                                   | 10.84                    |
|                                                       | 4,725.63            | 4,829.60            | 4,792.73            | (103.97)                                  | 36.87                    |

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31st March 2016, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

| Note No.  | Particulars                                 | (₹ in Lacs)         |                     |                     |
|-----------|---------------------------------------------|---------------------|---------------------|---------------------|
|           |                                             | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>14</b> | <b>TRADE PAYABLES</b>                       |                     |                     |                     |
|           | Dues to micro, small and medium enterprises | -                   | -                   | -                   |
|           | Dues to others                              | 11,713.81           | 12,276.67           | 12,674.45           |
|           |                                             | 11,713.81           | 12,276.67           | 12,674.45           |

There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Group owes dues on account of principal amount together with interest and accordingly no additional disclosure have been made. The above information regarding Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

|    |                                                          | (₹ in Lacs)         |                     |                     |
|----|----------------------------------------------------------|---------------------|---------------------|---------------------|
|    |                                                          | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| 15 | OTHER CURRENT FINANCIAL LIABILITIES                      |                     |                     |                     |
|    | Current maturity of long term borrowings (refer note-12) | -                   | 882.19              | 830.85              |
|    | Interest accrued but not due                             | -                   | 13.02               | 24.94               |
|    | Payables in respect of capital goods                     | 688.29              | 1,256.66            | 779.88              |
|    | Unpaid dividend#                                         | 97.44               | 126.38              | 69.19               |
|    | Security deposits from employees                         | 0.72                | 0.78                | 1.63                |
|    |                                                          | 786.45              | 2,279.03            | 1,706.49            |

# not due for credit to "Investors Education and Protection Fund"

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

| Note No.  | Particulars                           | (₹ in Lacs)         |                     |                     |
|-----------|---------------------------------------|---------------------|---------------------|---------------------|
|           |                                       | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>16</b> | <b>OTHER CURRENT LIABILITIES</b>      |                     |                     |                     |
|           | Interest free advances from customers | 3,121.64            | 2,706.50            | 4,150.76            |
|           | Statutory dues payable                | 880.46              | 1,461.32            | 1,046.69            |
|           | Other miscellaneous liabilities       | 47.73               | 181.50              | 116.19              |
|           |                                       | <b>4,049.83</b>     | <b>4,349.32</b>     | <b>5,313.64</b>     |

| Note No.  | Particulars                     | (₹ in Lacs)         |                     |                     |
|-----------|---------------------------------|---------------------|---------------------|---------------------|
|           |                                 | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>17</b> | <b>PROVISIONS</b>               |                     |                     |                     |
|           | Provision for employee benefits |                     |                     |                     |
|           | Compensated absences            | 290.57              | 234.89              | 179.64              |
|           | Gratuity (refer note-26)        | 358.64              | 69.14               | 50.27               |
|           | Provision for wealth tax        | -                   | -                   | 23.00               |
|           |                                 | <b>649.21</b>       | <b>304.03</b>       | <b>252.91</b>       |
|           | Current                         | <b>568.18</b>       | <b>304.03</b>       | <b>252.91</b>       |
|           | Non-Current                     | <b>81.03</b>        | <b>-</b>            | <b>-</b>            |
|           |                                 | <b>649.21</b>       | <b>304.03</b>       | <b>252.91</b>       |

| Note No.  | Particulars                                   | (₹ in Lacs)         |                     |                     |
|-----------|-----------------------------------------------|---------------------|---------------------|---------------------|
|           |                                               | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| <b>18</b> | <b>CURRENT TAX LIABILITIES</b>                |                     |                     |                     |
|           | Provision for Income tax (net of advance tax) | 680.26              | 1,867.68            | 896.53              |
|           |                                               | <b>680.26</b>       | <b>1,867.68</b>     | <b>896.53</b>       |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

| Note No.  | Particulars                                     | (₹ in Lacs)           |                       |
|-----------|-------------------------------------------------|-----------------------|-----------------------|
|           |                                                 | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>19</b> | <b>REVENUE FROM OPERATIONS</b>                  |                       |                       |
|           | <b>Sale of products (including excise duty)</b> |                       |                       |
|           | Finished goods                                  | 1,41,141.18           | 1,75,595.49           |
|           | Traded goods                                    | 592.32                | 248.51                |
|           | <b>Total sale of products</b>                   | <b>1,41,733.50</b>    | <b>1,75,844.00</b>    |
|           | <b>Sale of power generated from Wind Mills</b>  | <b>828.94</b>         | <b>588.42</b>         |
|           | <b>Sale of services</b>                         |                       |                       |
|           | Sale of services                                | 1,144.38              | 622.80                |
|           | <b>Other operating revenue</b>                  |                       |                       |
|           | Scrap sales                                     | 3,063.37              | 3,243.73              |
|           | Others                                          | 852.32                | 1,548.32              |
|           |                                                 | <b>3,915.69</b>       | <b>4,792.05</b>       |
|           | <b>Total Revenue from operations</b>            | <b>1,47,622.51</b>    | <b>1,81,847.27</b>    |

|           |                                                                                | (₹ in Lacs)           |                       |
|-----------|--------------------------------------------------------------------------------|-----------------------|-----------------------|
|           |                                                                                | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>20</b> | <b>OTHER INCOME</b>                                                            |                       |                       |
|           | <b>Interest income on</b>                                                      |                       |                       |
|           | Inter corporate deposits                                                       | 456.22                | 425.03                |
|           | Bank deposits                                                                  | 0.42                  | 70.37                 |
|           | Others                                                                         | 444.93                | 761.97                |
|           | <b>Other non-operating income</b>                                              |                       |                       |
|           | Fair value gain on financial instruments at fair value through profit and loss | 216.93                | 186.35                |
|           | Bad debts recovered                                                            | -                     | 5.09                  |
|           | Excess provision for doubtful debts written back                               | -                     | 47.61                 |
|           | Sundry balances written back                                                   | 0.40                  | 1.94                  |
|           | Dividend Income on current investments                                         | 167.92                | 197.49                |
|           | Miscellaneous income                                                           | 100.83                | 52.90                 |
|           |                                                                                | <b>1,387.65</b>       | <b>1,748.75</b>       |

|           |                                                               | (₹ in Lacs)           |                       |
|-----------|---------------------------------------------------------------|-----------------------|-----------------------|
|           |                                                               | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>21</b> | <b>COST OF RAW MATERIALS CONSUMED AND COMPONENTS CONSUMED</b> |                       |                       |
|           | Opening inventory                                             | 18,675.39             | 17,176.29             |
|           | Add: Purchases                                                | 91,857.74             | 1,07,960.60           |
|           |                                                               | <b>1,10,533.13</b>    | <b>1,25,136.89</b>    |
|           | Less: Closing inventory                                       | 19,225.75             | 18,675.39             |
|           | <b>Cost of raw materials and components consumed</b>          | <b>91,307.38</b>      | <b>1,06,461.50</b>    |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

| Note No.  | Particulars                                     | (₹ in Lacs)           |                       |
|-----------|-------------------------------------------------|-----------------------|-----------------------|
|           |                                                 | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>22</b> | <b>(INCREASE)/DECREASE IN INVENTORY</b>         |                       |                       |
|           | <b>Inventories at the end of the year</b>       |                       |                       |
|           | Work in process                                 | 12,252.31             | 7,531.77              |
|           | Finished goods                                  | 611.54                | 1,493.14              |
|           | Scrap                                           | 6.12                  | 3.22                  |
|           |                                                 | <b>12,869.97</b>      | <b>9,028.13</b>       |
|           | <b>Inventories at the beginning of the year</b> |                       |                       |
|           | Work in process                                 | 7,531.77              | 13,750.45             |
|           | Finished goods                                  | 1,493.14              | 1,684.01              |
|           | Scrap                                           | 3.22                  | 13.60                 |
|           |                                                 | <b>9,028.13</b>       | <b>15,448.06</b>      |
|           | <b>(Increase)/Decrease In Inventory</b>         |                       |                       |
|           | Work in process                                 | (4,720.54)            | 6,218.68              |
|           | Finished goods                                  | 881.60                | 190.87                |
|           | Scrap                                           | (2.90)                | 10.38                 |
|           |                                                 | <b>(3,841.84)</b>     | <b>6,419.93</b>       |

| Note No.  | Particulars                               | (₹ in Lacs)           |                       |
|-----------|-------------------------------------------|-----------------------|-----------------------|
|           |                                           | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>23</b> | <b>EMPLOYEE BENEFITS</b>                  |                       |                       |
|           | Salaries, wages and bonus                 | 8,456.44              | 8,690.62              |
|           | Contribution to provident and other funds | 587.81                | 561.89                |
|           | Gratuity expense (refer note-26)          | 136.64                | 112.53                |
|           | Staff welfare expenses                    | 643.42                | 644.97                |
|           |                                           | <b>9,824.31</b>       | <b>10,010.01</b>      |

| Note No.  | Particulars                      | (₹ in Lacs)           |                       |
|-----------|----------------------------------|-----------------------|-----------------------|
|           |                                  | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>24</b> | <b>FINANCE COST</b>              |                       |                       |
|           | Interest on debts and borrowings | 370.24                | 261.47                |
|           | Interest on income tax           | 42.59                 | 30.59                 |
|           | Interest others                  | 1.74                  | 26.47                 |
|           | Bank charges                     | 192.64                | 280.87                |
|           |                                  | <b>607.21</b>         | <b>599.40</b>         |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

| Note No.  | Particulars                                                   | (₹ in Lacs)           |                       |
|-----------|---------------------------------------------------------------|-----------------------|-----------------------|
|           |                                                               | Year ended 31-03-2017 | Year ended 31-03-2016 |
| <b>25</b> | <b>OTHER EXPENSE</b>                                          |                       |                       |
|           | Consumption of stores & spares                                | 4,065.74              | 4,207.90              |
|           | Freight & transport charges                                   | 4,059.51              | 4,798.67              |
|           | Power & fuel                                                  | 2,192.45              | 2,710.14              |
|           | Labour & processing charges                                   | 3,652.65              | 3,455.22              |
|           | Repairs and maintenance :                                     |                       |                       |
|           | Plant and machineries                                         | 563.52                | 683.23                |
|           | Buildings                                                     | 69.53                 | 238.77                |
|           | Others                                                        | 98.14                 | 22.01                 |
|           | Quality control                                               | 121.02                | 114.89                |
|           | Legal & consultancy charges                                   | 284.89                | 195.98                |
|           | Traveling & conveyance expenses                               | 459.55                | 411.68                |
|           | Insurance                                                     | 316.20                | 321.72                |
|           | Rent                                                          | 134.22                | 112.07                |
|           | Rates & taxes                                                 | 126.11                | 129.50                |
|           | Auditors' remuneration (refer note-a)                         | 41.33                 | 42.57                 |
|           | Advertisement & other expenses                                | 85.92                 | 149.97                |
|           | Foreign exchange fluctuation (net)                            | (18.31)               | 67.51                 |
|           | Sales commission                                              | 169.81                | 933.13                |
|           | Loss on Sale/Discard/Reduction in value of fixed assets (net) | 13.78                 | 152.69                |
|           | Increase/(decrease) in excise duty on inventory               | (95.66)               | (49.00)               |
|           | Bad debts/ sundry balances written off                        | 54.73                 | -                     |
|           | Provision for doubtful debts (net)                            | 54.02                 | 67.99                 |
|           | Charity and donations (refer note-b)                          | 207.55                | 363.36                |
|           | Directors' sitting fees                                       | 7.14                  | 7.65                  |
|           | Miscellaneous expenses (refer note-b)                         | 934.50                | 1,022.68              |
|           |                                                               | <b>17,598.34</b>      | <b>20,160.33</b>      |

a) Payments to Joint Auditors

**As Auditors:**

|                |              |              |
|----------------|--------------|--------------|
| Audit fee      | 30.50        | 33.50        |
| Limited review | 7.95         | 7.95         |
|                | <b>38.45</b> | <b>41.45</b> |

**In other capacity:**

|                           |              |              |
|---------------------------|--------------|--------------|
| Taxation matters          | 1.80         | 0.80         |
| Certification             | 0.73         | 0.10         |
| Reimbursement of expenses | 0.35         | 0.22         |
|                           | <b>2.88</b>  | <b>1.12</b>  |
|                           | <b>41.33</b> | <b>42.57</b> |

b) Other expenses include ₹ 230.59 Lacs (P.Y. ₹ 367.88 Lacs), spent towards various activities relating to Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013, details of which are as under:

**Details of Corporate Social Responsibility:**

|                                                      |               |               |
|------------------------------------------------------|---------------|---------------|
| 1. Gross amount required to be spent during the year | 468.46        | 443.03        |
| 2. Amount spent during the year:                     |               |               |
| i) Construction/acquisition of any asset             | 210.23        | 317.56        |
| ii) On purposes other than (i) above                 | 20.36         | 50.32         |
|                                                      | <b>230.59</b> | <b>367.88</b> |
| 3. Amount unspent during the year                    | <b>237.87</b> | <b>75.15</b>  |
|                                                      | <b>468.46</b> | <b>443.03</b> |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## 26 Employee Benefits Expense

### A. Defined contribution plans:

Amount of ₹ 587.81 Lacs (31st March, 2016: ₹ 561.89 Lacs) is recognised as expenses and included in note-23 "Employee benefits expense"

#### Particulars

|                             | Year ended<br>31-03-2017 | Year ended<br>31-03-2016 |
|-----------------------------|--------------------------|--------------------------|
| Provident fund              | 268.33                   | 238.98                   |
| Contributory pension scheme | 177.49                   | 163.22                   |
| Superannuation fund         | 141.62                   | 159.45                   |
| Gujarat Labour welfare fund | 0.37                     | 0.24                     |
|                             | <b>587.81</b>            | <b>561.89</b>            |

### B. Defined benefit plans:

The Company operates gratuity plan in the nature of defined benefit plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service. The gratuity plan is governed by the payment of Gratuity Act, 1972.

#### 31st March, 2017 : Changes in defined benefit obligation and plan assets

(₹ in Lacs)

|                            | 1st<br>April,<br>2016 | Cost charged to Consolidated<br>Statement of Profit and Loss |                            |                                                                                             | Benefit<br>paid | Remeasurement gains/(losses) in other comprehensive income                                   |                                                                                  |                                                                                |                                |                                 |                                      | 31st<br>March,<br>2017 |
|----------------------------|-----------------------|--------------------------------------------------------------|----------------------------|---------------------------------------------------------------------------------------------|-----------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------|---------------------------------|--------------------------------------|------------------------|
|                            |                       | Service<br>cost                                              | Net<br>interest<br>expense | Sub-total<br>included in<br>Consolidated<br>Statement<br>of Profit and<br>Loss<br>(note 23) |                 | Return on<br>plan assets<br>(excluding<br>amounts<br>included in<br>net interest<br>expense) | Actuarial<br>changes<br>arising from<br>changes in<br>demographic<br>assumptions | Actuarial<br>changes<br>arising from<br>changes in<br>financial<br>assumptions | Experience<br>adjust-<br>ments | Sub-total<br>included<br>in OCI | Contri-<br>butions<br>by<br>employer |                        |
| Gratuity                   |                       |                                                              |                            |                                                                                             |                 |                                                                                              |                                                                                  |                                                                                |                                |                                 |                                      |                        |
| Defined benefit obligation | 1,744.63              | 130.85                                                       | 146.20                     | 277.05                                                                                      | (46.12)         | -                                                                                            | -                                                                                | 185.85                                                                         | 13.91                          | 199.76                          | -                                    | 2,175.32               |
| Fair value of plan assets  | 1,675.49              | -                                                            | 140.41                     | 140.41                                                                                      | (46.12)         | 23.35                                                                                        | -                                                                                | -                                                                              | -                              | 23.35                           | 70.25                                | 1,816.68               |
| Benefit liability          | 69.14                 | 130.85                                                       | 5.79                       | 136.64                                                                                      | -               | (23.35)                                                                                      | -                                                                                | 185.85                                                                         | 13.95                          | 223.11                          | (70.25)                              | 358.64                 |
| Total benefit liability    | 69.14                 | 130.85                                                       | 5.79                       | 136.64                                                                                      | -               | (23.35)                                                                                      | -                                                                                | 185.85                                                                         | 13.95                          | 223.11                          | (70.25)                              | 358.64                 |

#### 31st March, 2016 : Changes in defined benefit obligation and plan assets

(₹ in Lacs)

|                            | 1st<br>April,<br>2015 | Cost charged to Consolidated<br>Statement of Profit and Loss |                            |                                                                                             | Benefit<br>paid | Remeasurement gains/(losses) in other comprehensive income                                   |                                                                                  |                                                                                |                                |                                 |                                      | 31st<br>March,<br>2016 |
|----------------------------|-----------------------|--------------------------------------------------------------|----------------------------|---------------------------------------------------------------------------------------------|-----------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------|---------------------------------|--------------------------------------|------------------------|
|                            |                       | Service<br>cost                                              | Net<br>interest<br>expense | Sub-total<br>included in<br>Consolidated<br>Statement<br>of Profit and<br>Loss<br>(note 23) |                 | Return on<br>plan assets<br>(excluding<br>amounts<br>included in<br>net interest<br>expense) | Actuarial<br>changes<br>arising from<br>changes in<br>demographic<br>assumptions | Actuarial<br>changes<br>arising from<br>changes in<br>financial<br>assumptions | Experience<br>adjust-<br>ments | Sub-total<br>included<br>in OCI | Contri-<br>butions<br>by<br>employer |                        |
| Gratuity                   |                       |                                                              |                            |                                                                                             |                 |                                                                                              |                                                                                  |                                                                                |                                |                                 |                                      |                        |
| Defined benefit obligation | 1,409.96              | 108.52                                                       | 112.51                     | 221.03                                                                                      | (35.13)         | -                                                                                            | -                                                                                | (61.99)                                                                        | 210.76                         | 148.77                          | -                                    | 1,744.63               |
| Fair value of plan assets  | 1,359.69              | -                                                            | 108.50                     | 108.50                                                                                      | (35.13)         | 17.16                                                                                        | -                                                                                | -                                                                              | -                              | 17.16                           | 225.27                               | 1,675.49               |
| Benefit liability          | 50.27                 | 108.52                                                       | 4.01                       | 112.53                                                                                      | -               | (17.16)                                                                                      | -                                                                                | (61.99)                                                                        | 210.76                         | 131.61                          | (225.27)                             | 69.14                  |
| Total benefit liability    | 50.27                 | 108.52                                                       | 4.01                       | 112.53                                                                                      | -               | (17.16)                                                                                      | -                                                                                | (61.99)                                                                        | 210.76                         | 131.61                          | (225.27)                             | 69.14                  |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

**The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:**

| Particulars              | As at<br>31-03-2017<br>(₹ in Lacs) | As at<br>31-03-2016<br>(₹ in Lacs) |
|--------------------------|------------------------------------|------------------------------------|
| Insurance funds          | 1,816.68                           | 1,675.49                           |
| (%) of total plan assets | 100%                               | 100%                               |

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

| Particulars                            | Year ended<br>31-03-2017                             | Year ended<br>31-03-2016                          |
|----------------------------------------|------------------------------------------------------|---------------------------------------------------|
| Discount rate                          | 7.34%                                                | 8.38%                                             |
| Future salary increase                 | 8.00%                                                | 8.00%                                             |
| Expected rate of return on plan assets | 7.34%                                                | 8.38%                                             |
| Employee turnover rate                 | 2.00%                                                | 2.00%                                             |
| Mortality rate during employment       | Indian<br>Assured<br>Lives<br>Mortality<br>(2006-08) | Indian<br>Assured Lives<br>Mortality<br>(2006-08) |
| Mortality rate after employment        | N.a                                                  | N.a                                               |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

**A quantitative sensitivity analysis for significant assumption is as shown below:**

## Gratuity

| Particulars       | (increase) / decrease in defined benefit obligation (Impact) |                                    |                                    |
|-------------------|--------------------------------------------------------------|------------------------------------|------------------------------------|
|                   | Sensitivity level                                            | As at<br>31-03-2017<br>(₹ in Lacs) | As at<br>31-03-2016<br>(₹ in Lacs) |
| Discount rate     | 1% increase                                                  | (179.28)                           | (138.31)                           |
|                   | 1% decrease                                                  | 212.83                             | 163.19                             |
| Salary increase   | 1% increase                                                  | 209.30                             | 162.18                             |
|                   | 1% decrease                                                  | (179.80)                           | (139.95)                           |
| Employee turnover | 1% increase                                                  | (12.20)                            | 3.72                               |
|                   | 1% decrease                                                  | 13.79                              | (4.41)                             |

**The followings are the expected future benefit payments for the defined benefit plan :**

| Particulars                                              | As at<br>31-03-2017<br>(₹ in Lacs) | As at<br>31-03-2016 (₹<br>in Lacs) |
|----------------------------------------------------------|------------------------------------|------------------------------------|
| Within the next 12 months (next annual reporting period) | 509.14                             | 319.59                             |
| Between 2 and 5 years                                    | 276.22                             | 447.59                             |
| Beyond 5 years                                           | 823.83                             | 1,072.65                           |
| <b>Total expected payments</b>                           | <b>1,609.19</b>                    | <b>1,839.83</b>                    |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## Weighted average duration of defined plan obligation (based on discounted cash flows)

| Particulars | As at<br>31-03-2017<br>Years | As at<br>31-03-2016<br>Years |
|-------------|------------------------------|------------------------------|
| Gratuity    | 17                           | 18                           |

## The followings are the expected contributions to planned assets for the next year:

| Particulars | As at<br>31-03-2017<br>(₹ in Lacs) | As at<br>31-03-2016 (₹<br>in Lacs) |
|-------------|------------------------------------|------------------------------------|
| Gratuity    | 277.61                             | 199.99                             |

## 27 COMMITMENTS AND CONTINGENCIES

(₹ in Lacs)

### a) Contingent Liabilities:

| Sr. No. | Particulars                                                                                                                      | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
|---------|----------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| a)      | Bills discounted and not matured                                                                                                 | -                   | 902.86              | 696.80              |
| b)      | ESI liability (excluding interest leviable, if any)                                                                              | 322.31              | 295.90              | 270.00              |
| c)      | Consolidated tax payable to GIDC, Chhatral (note-i)                                                                              | -                   | -                   | 11.14               |
| d)      | Disputed statutory claims/levies for which the Company has preferred appeal in respect of (excluding interest leviable, if any): |                     |                     |                     |
|         | - Income tax                                                                                                                     | 278.70              | 272.03              | 288.76              |
|         | - Excise duty (note-ii)                                                                                                          | 3,282.17            | 3,338.86            | 3,315.13            |

Note-(i) Consolidated tax payable to GIDC is demanded by GIDC, Chhatral notified under circular dated 9/7/2010 for levying and recovering "infrastructure upgradation fund" from the Group. The amount comprises of the per square meter charges towards infrastructure upgradation as well as interest and penalty thereupon. The Group has paid the demand in current year.

Note-(ii) Excise duty demand comprise various demands from the Excise Authorities for payment of ₹ 3,282.17 Lacs (31st March, 2016 ₹ 3,338.86 Lacs, 1st April, 2015 ₹3,315.13 Lacs). The Group has filed appeals against these demands. The Group has been advised by its legal counsel that the demand is likely to be deleted and accordingly no provision for liability has been recognized in the financial statements.

### b) Capital Commitment

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 1,004.31 Lacs (31st March, 2016 ₹2,184.72 Lacs, 1st April, 2015 ₹1,303.47 Lacs).

**28** The Group has incurred premium expenses of ₹ 140.21 Lacs (31st March, 2016 ₹ 127.85 Lacs) on Key Man Insurance Policy and term plan policy of Chairman and Managing Director and Whole-Time Directors, which is included in Insurance Expenses.

## 29 SEGMENT INFORMATION

### Operating Segments:

The Group is engaged in the business of Steel Tubes and Pipes and generation of power by Windmills. In accordance with the requirements of Ind AS 108 "Operating Segments" Group has identified these two segments as reportable segments.

### Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of allocable income).

## Segment Assets and Liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipments, trade receivables, Inventory and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as unallocable assets / liabilities.

## Inter Segment transfer:

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

## Summary of segment information is given below:

Primary Reportable Segment (Business Segment)

|                                                                                                             |                                     |                                |                                 | (₹ in Lacs)                         |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------|---------------------------------|-------------------------------------|
| Particulars                                                                                                 | Steel Tubes and Pipes               | Windmill                       | Adjustments & Elimination       | Total                               |
| <b>Revenue</b>                                                                                              |                                     |                                |                                 |                                     |
| External sales                                                                                              | 1,46,793.57<br>(1,81,258.85)        | 828.94<br>(588.42)             | -<br>-                          | 1,47,622.51<br>(1,81,847.27)        |
| Inter segment revenue                                                                                       | -<br>-                              | 1,530.02<br>(1,540.32)         | (1,530.02)<br>(1,540.32)        | -<br>-                              |
| <b>Total revenue</b>                                                                                        | <b>1,46,793.57</b><br>(1,81,258.85) | <b>2,358.96</b><br>(2,128.74)  | <b>(1,530.02)</b><br>(1,540.32) | <b>1,47,622.51</b><br>(1,81,847.27) |
| <b>Results</b>                                                                                              |                                     |                                |                                 |                                     |
| Segment results before interest and finance costs                                                           | 18,646.02<br>(22,594.01)            | 1,196.37<br>(1,020.64)         | -<br>-                          | 19,842.39<br>(23,614.65)            |
| Interest & dividend income & fair value gain on financial instruments at fair value through profit and loss |                                     |                                | -<br>-                          | 1,286.42<br>(1,641.21)              |
| Foreign exchange (gain) / loss on buyers credit (net)                                                       |                                     |                                | -<br>-                          | -<br>(617.94)                       |
| Interest and finance costs                                                                                  |                                     |                                | -<br>-                          | 607.21<br>(599.40)                  |
| <b>Net profit before tax</b>                                                                                |                                     |                                | -<br>-                          | <b>20,521.60</b><br>(24,038.52)     |
| <b>Other information</b>                                                                                    |                                     |                                |                                 |                                     |
| Segment assets                                                                                              | 1,24,202.14<br>(1,15,917.19)        | 9,320.42<br>(10,090.42)        | -<br>-                          | 1,33,522.56<br>(1,26,007.61)        |
| Unallocable assets                                                                                          |                                     |                                | -<br>-                          | 7,860.84<br>(5,850.20)              |
| <b>Total assets</b>                                                                                         | <b>1,24,202.14</b><br>(1,15,917.19) | <b>9,320.42</b><br>(10,090.42) | -<br>-                          | <b>1,41,383.40</b><br>(1,31,857.81) |
| Segment liabilities                                                                                         | 17,010.03<br>(18,114.37)            | 91.83<br>(73.09)               | -<br>-                          | 17,101.86<br>(18,187.46)            |
| Unallocated liabilities and provisions                                                                      |                                     |                                | -<br>-                          | 5,503.33<br>(9,149.77)              |
| <b>Total liabilities</b>                                                                                    | <b>17,010.03</b><br>(18,114.37)     | <b>91.83</b><br>(73.09)        | -<br>-                          | <b>22,605.19</b><br>(27,337.23)     |
| Segment depreciation                                                                                        | 5,222.56<br>(5,028.05)              | 747.29<br>(649.17)             | -<br>-                          | 5,969.85<br>(5,677.22)              |
| <b>Capital expenditure:</b>                                                                                 |                                     |                                |                                 |                                     |
| Tangible fixed assets                                                                                       | 6,229.27<br>(5,838.97)              | -<br>(342.50)                  | -<br>-                          | 6,229.27<br>(6,181.47)              |
| Intangible assets                                                                                           | -<br>(0.58)                         | -<br>-                         | -<br>-                          | -<br>(0.58)                         |

Note: Figures in brackets represent previous year's amount.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## Secondary Reportable Segment (Geographical by Customers)

(₹ in Lacs)

| Particulars            | In India      | Outside India | Total         |
|------------------------|---------------|---------------|---------------|
| <b>Segment Revenue</b> |               |               |               |
| 2016-17                | 1,21,462.27   | 26,160.24     | 1,47,622.51   |
| 2015-16                | (1,63,179.39) | (18,667.88)   | (1,81,847.27) |
| <b>Segment Assets</b>  |               |               |               |
| As at 31st March, 2017 | 1,37,310.97   | 4,072.43      | 1,41,383.40   |
| As at 31st March, 2016 | (1,28,475.85) | (3,381.96)    | (1,31,857.81) |
| As at 1st April, 2015  | (1,21,550.16) | (1,009.38)    | (1,22,559.54) |

Revenue from one customer amounted to ₹ 48,947.90 Lacs (31st March, 2016: ₹ 35,327.27 Lacs), arising from sales in the Steel Tubes and Pipes segment.

## 30 RELATED PARTY DISCLOSURES

As required by Indian Accounting Standard - 24 "Related Parties Disclosures", the disclosure of transactions with related parties are given below :

### A Relationships

#### (a) Key Management Personnel

|                            |                                  |
|----------------------------|----------------------------------|
| Mr. Prakash M. Sanghvi     | - Chairman and Managing Director |
| Mr. Jayanti M. Sanghvi     | - Whole-time Director            |
| Mr. Shanti M. Sanghvi      | - Whole-time Director            |
| Mr. Divyabhash C. Anjaria  | - Director                       |
| Mr. Pravinchandra M. Mehta | - Director                       |
| Dr. Vinod M. Agrawal       | - Director                       |
| Smt. Nidhi G. Gadhecha     | - Director                       |

#### (b) Relatives of key management personnel

|                                                            |
|------------------------------------------------------------|
| Mr. Manoj P. Sanghvi ( Son of Mr. Prakash M . Sanghvi )    |
| Mr. Prashant J. Sanghvi ( Son of Mr. Jayanti M . Sanghvi ) |
| Mr. Nilesh P. Sanghvi ( Son of Mr. Prakash M . Sanghvi )   |
| Mr. Jigar P. Sanghvi ( Son of Mr. Prakash M . Sanghvi )    |
| Mr. Yash S. Sanghvi ( Son of Mr. Shanti M . Sanghvi )      |

#### (c) Enterprises owned or significantly influenced by key management personnel or their relatives

|                                         |
|-----------------------------------------|
| Ratnamani Food Products Private Ltd.    |
| Ratnamani Marketing Private Ltd.        |
| Ratnamani Healthcare Private Ltd.       |
| Comfit Valves Private Limited.          |
| Ratnamani Techno Casts Private Limited. |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

**B The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:**

| Particulars                                |  |  |  | ( ₹ in Lacs)                |                             |                             |
|--------------------------------------------|--|--|--|-----------------------------|-----------------------------|-----------------------------|
|                                            |  |  |  | 2016-17                     | 2015-16                     |                             |
| <b>Rent Expense</b>                        |  |  |  |                             |                             |                             |
| Ratnamani Food Products Private Ltd.       |  |  |  | 17.42                       | 15.84                       |                             |
| Ratnamani Marketing Private Ltd.           |  |  |  | 20.81                       | 18.00                       |                             |
| <b>Reimbursement of Expense (Received)</b> |  |  |  |                             |                             |                             |
| Ratnamani Healthcare Private Ltd.          |  |  |  | 0.66                        | 2.21                        |                             |
| <b>Other Purchases</b>                     |  |  |  |                             |                             |                             |
| Ratnamani Healthcare Private Ltd.          |  |  |  | -                           | 3.33                        |                             |
| <b>Remuneration</b>                        |  |  |  |                             |                             |                             |
| Mr. Prakash M. Sanghvi                     |  |  |  | 153.83                      | 154.77                      |                             |
| Mr. Jayanti M. Sanghvi                     |  |  |  | 117.79                      | 111.11                      |                             |
| Mr. Shanti M. Sanghvi                      |  |  |  | 97.97                       | 91.99                       |                             |
| Mr. Manoj P. Sanghvi                       |  |  |  | 80.12                       | 72.11                       |                             |
| Mr. Prashant J. Sanghvi                    |  |  |  | 68.44                       | 61.18                       |                             |
| Mr. Nilesh P. Sanghvi                      |  |  |  | 57.57                       | 51.47                       |                             |
| Mr. Jigar P. Sanghvi                       |  |  |  | 27.44                       | 22.26                       |                             |
| Mr. Yash S. Sanghvi                        |  |  |  | 1.69                        | 1.89                        |                             |
| <b>Commission</b>                          |  |  |  |                             |                             |                             |
| Mr. Prakash M. Sanghvi                     |  |  |  | 725.00                      | 1,000.00                    |                             |
| Mr. Jayanti M. Sanghvi                     |  |  |  | 435.00                      | 600.00                      |                             |
| Mr. Shanti M. Sanghvi                      |  |  |  | 290.00                      | 400.00                      |                             |
| <b>Sitting Fees</b>                        |  |  |  |                             |                             |                             |
| Mr. Divyabhash C. Anjaria – Director       |  |  |  | 2.04                        | 2.21                        |                             |
| Mr. Pravinchandra M. Mehta – Director      |  |  |  | 1.36                        | 2.21                        |                             |
| Dr. Vinod M. Agrawal – Director            |  |  |  | 2.04                        | 2.04                        |                             |
| Smt. Nidhi G. Gadhecha – Director          |  |  |  | 1.70                        | 1.19                        |                             |
| <b>Outstanding as at year end</b>          |  |  |  | <b>As at<br/>31-03-2017</b> | <b>As at<br/>31-03-2016</b> | <b>As at<br/>01-04-2015</b> |
| <b>Receivable</b>                          |  |  |  |                             |                             |                             |
| Comfit Valves Private Limited.             |  |  |  | 4.61                        | 2.48                        | 10.27                       |
| Ratnamani Techno Casts Pvt. Ltd.           |  |  |  | 69.71                       | 45.82                       | 49.00                       |
| <b>Payable</b>                             |  |  |  |                             |                             |                             |
| Mr. Prakash M. Sanghvi                     |  |  |  | 733.81                      | 1,004.68                    | 1,207.92                    |
| Mr. Jayanti M. Sanghvi                     |  |  |  | 439.39                      | 601.69                      | 725.28                      |
| Mr. Shanti M. Sanghvi                      |  |  |  | 294.50                      | 403.88                      | 484.40                      |
| Mr. Manoj P. Sanghvi                       |  |  |  | 1.97                        | 2.21                        | 1.76                        |
| Mr. Prashant J. Sanghvi                    |  |  |  | 1.70                        | 1.88                        | 1.37                        |
| Mr. Nilesh P. Sanghvi                      |  |  |  | 1.46                        | 1.66                        | 1.20                        |
| Mr. Jigar P. Sanghvi                       |  |  |  | 0.93                        | 0.87                        | 0.61                        |
| Mr. Yash S. Sanghvi                        |  |  |  | 0.20                        | -                           | 0.22                        |

Note : The remuneration to the key managerial personnel does not include the provisions made for gratuity, as it is determined on an actuarial basis for the Company as a whole.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2017 the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March 2016: ₹ Nil, 1st April 2015: ₹ Nil). This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

## 31 EARNINGS PER SHARE (EPS):

| Particulars                                        |              | 2016-17   | 2015-16   |
|----------------------------------------------------|--------------|-----------|-----------|
| Profit for the year                                | ( ₹ in Lacs) | 14,405.93 | 16,529.37 |
| Weighted average No. of shares for EPS computation |              |           |           |
| For basic and diluted EPS (Nos)                    | (Lacs)       | 467.28    | 467.28    |
| Earnings per share (basic and diluted)             | (₹)          | 30.83     | 35.37     |
| Nominal value of shares                            | (₹)          | 2.00      | 2.00      |

## 32 DERIVATIVE INSTRUMENTS AT YEAR END:

| Sr. No. | Particulars                                                                                                                                                                                 | 31-03-2017<br>Amount<br>(₹ In Lacs) | 31-03-2017<br>Foreign<br>Currency<br>(In Lacs) | 31-03-2016<br>Amount<br>(₹ In Lacs) | 31-03-2016<br>Foreign<br>Currency<br>(In Lacs) | 01-04-2015<br>Amount<br>(₹ In Lacs) | 01-04-2015<br>Foreign<br>Currency<br>(In Lacs) |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------------|-------------------------------------|------------------------------------------------|-------------------------------------|------------------------------------------------|
| 1       | Forward contracts (sale)<br>Purpose: hedge of highly probable foreign currency sale                                                                                                         | -                                   | -                                              | -                                   | -                                              | 1,273.30                            | USD 20.00                                      |
| 2       | Interest rate swaps<br>(hedge against external commercial borrowing of USD 8.0 Million)<br>Purpose: hedge of interest liability for moving from variable interest to fixed interest regime. | -                                   | -                                              | 890.27                              | USD 13.33                                      | 1,681.60                            | USD 26.67                                      |
| 3       | Currency futures<br>(USD buy)<br>Purpose: hedge of highly probable foreign currency buy.                                                                                                    | -                                   | -                                              | 7,548.32                            | USD 113.50                                     | -                                   | -                                              |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## 33 FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT

### 33.1 Category-wise Classification of Financial Instruments:

(₹ in Lacs)

| Particulars                                   | Refer Note | As at 31-03-2017                               |                  |                  |
|-----------------------------------------------|------------|------------------------------------------------|------------------|------------------|
|                                               |            | Fair Value through consolidated profit or loss | Amortised cost   | Carrying Value   |
| <b>Financial assets</b>                       |            |                                                |                  |                  |
| Investments in unquoted Government securities | 4          | -                                              | 0.11             | 0.11             |
| Investments in quoted mutual funds            | 4          | 7,383.08                                       | -                | 7,383.08         |
| Trade receivables                             | 6          | -                                              | 42,543.04        | 42,543.04        |
| Cash and cash equivalents                     | 7          | -                                              | 1,540.93         | 1,540.93         |
| Loans                                         | 4          | -                                              | 30.86            | 30.86            |
| Other financial assets                        | 4          | -                                              | 668.66           | 668.66           |
| <b>Total</b>                                  |            | <b>7,383.08</b>                                | <b>44,783.60</b> | <b>52,166.68</b> |
| <b>Financial liabilities</b>                  |            |                                                |                  |                  |
| Trade payables                                | 14         | -                                              | 11,713.81        | 11,713.81        |
| Other financial liabilities                   | 15         | -                                              | 786.45           | 786.45           |
| <b>Total</b>                                  |            | <b>-</b>                                       | <b>12,500.26</b> | <b>12,500.26</b> |

(₹ in Lacs)

| Particulars                                   | Refer Note | As at 31-03-2016                               |                  |                  |
|-----------------------------------------------|------------|------------------------------------------------|------------------|------------------|
|                                               |            | Fair Value through consolidated profit or loss | Amortised cost   | Carrying Value   |
| <b>Financial assets</b>                       |            |                                                |                  |                  |
| Investments in unquoted Government securities | 4          | -                                              | 0.11             | 0.11             |
| Investments in quoted mutual funds            | 4          | 2,421.83                                       | -                | 2,421.83         |
| Trade receivables                             | 6          | -                                              | 38,991.50        | 38,991.50        |
| Cash and cash equivalents                     | 7          | -                                              | 1,230.15         | 1,230.15         |
| Loans                                         | 4          | -                                              | 2,977.19         | 2,977.19         |
| Other financial assets                        | 4          | -                                              | 735.17           | 735.17           |
| <b>Total</b>                                  |            | <b>2,421.83</b>                                | <b>43,934.12</b> | <b>46,355.95</b> |
| <b>Financial liabilities</b>                  |            |                                                |                  |                  |
| Borrowings (including current maturities)     | 12         | -                                              | 2,313.09         | 2,313.09         |
| Trade payables                                | 14         | -                                              | 12,276.67        | 12,276.67        |
| Other financial liabilities                   | 15         | -                                              | 1,396.84         | 1,396.84         |
| <b>Total</b>                                  |            | <b>-</b>                                       | <b>15,986.60</b> | <b>15,986.60</b> |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

(₹ in Lacs)

| Particulars                                   | Refer Note | As at 01-04-2015                               |                  |                  |
|-----------------------------------------------|------------|------------------------------------------------|------------------|------------------|
|                                               |            | Fair Value through consolidated profit or loss | Amortised cost   | Carrying Value   |
| <b>Financial assets</b>                       |            |                                                |                  |                  |
| Investments in unquoted Government securities | 4          | -                                              | 0.11             | 0.11             |
| Investments in quoted mutual funds            | 4          | 2,235.48                                       | -                | 2,235.48         |
| Trade receivables                             | 6          | -                                              | 31,997.56        | 31,997.56        |
| Cash and cash equivalents                     | 7          | -                                              | 4,749.43         | 4,749.43         |
| Other bank balance                            | 8          | -                                              | 3,053.00         | 3,053.00         |
| Loans                                         | 4          | -                                              | 286.02           | 286.02           |
| Other financial assets                        | 4          | -                                              | 575.29           | 575.29           |
| <b>Total</b>                                  |            | <b>2,235.48</b>                                | <b>40,661.41</b> | <b>42,896.89</b> |
| <b>Financial liabilities</b>                  |            |                                                |                  |                  |
| Borrowings (including current maturities)     | 12         | -                                              | 13,613.10        | 13,613.10        |
| Trade payables                                | 14         | -                                              | 12,674.45        | 12,674.45        |
| Other financial liabilities                   | 15         | -                                              | 875.64           | 875.64           |
| <b>Total</b>                                  |            | <b>-</b>                                       | <b>27,163.19</b> | <b>27,163.19</b> |

## 33.2 Category-wise Classification of Financial Instruments:

### (a) Quantitative disclosures fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities:

| Particulars                                                           | As at 31-03-2017                        |          | As at 31-03-2016                        |          | As at 01-04-2015                        |          |
|-----------------------------------------------------------------------|-----------------------------------------|----------|-----------------------------------------|----------|-----------------------------------------|----------|
|                                                                       | Significant observable Inputs (Level 1) | Total    | Significant observable Inputs (Level 1) | Total    | Significant observable Inputs (Level 1) | Total    |
|                                                                       |                                         |          |                                         |          |                                         |          |
| <b>Financial Assets</b>                                               |                                         |          |                                         |          |                                         |          |
| Investments in quoted mutual funds (measured at FVTPL) (refer note-4) | 7,383.08                                | 7,383.08 | 2,421.83                                | 2,421.83 | 2,235.48                                | 2,235.48 |

### (b) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

## 34 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

The Group's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

The Group's risk management is carried out by the corporate finance under policies approved by the Board of Directors. The corporate finance identifies, evaluates and hedges financial risks in close co-operation with the Group's Business Heads. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The corporate finance function reports quarterly to the Group's Audit Committee, that monitors risks and policies framed to mitigate risk exposures.

## (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, trade and other receivables, trade and other payables and derivative financial instruments.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Consolidated Statement of Profit and Loss may differ materially from these estimates due to actual developments in the global financial markets.

### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Group has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Group has not used any interest rate derivatives.

### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group enters into forward exchange contracts to hedge against its foreign currency exposures relating to the recognised underlying assets/liabilities and firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes.

**The carrying amounts of the Company's foreign currency denominated monetary items are as follows:**

(₹ in Lacs)

| Currency | Liabilities         |                     |                     | Assets              |                     |                     |
|----------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|          | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 | As at<br>31-03-2017 | As at<br>31-03-2016 | As at<br>01-04-2015 |
| USD      | 4,339.64            | 3,787.54            | 6,447.99            | 9,442.98            | 3,917.35            | 1,777.53            |
| EURO     | 1,537.80            | 590.55              | 995.62              | 330.21              | 3.71                | 23.43               |

The above table represents total exposure of the Group towards foreign exchange denominated assets and liabilities. The details of exposures hedged using forward exchange contracts are given as a part of note-32.

The Group is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 1% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 1% represents management's assessment of reasonably possible change in foreign exchange rate.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

(₹ in Lacs)

| Particulars                   | Impact on Profit before tax |            | Impact on Pre-tax Equity |            |
|-------------------------------|-----------------------------|------------|--------------------------|------------|
|                               | For the year ended          |            | For the year ended       |            |
|                               | 31-03-2017                  | 31-03-2016 | 31-03-2017               | 31-03-2016 |
| USD sensitivity               |                             |            |                          |            |
| RUPEES / USD – increase by 1% | 51.04                       | 10.19      | 51.04                    | 10.19      |
| RUPEES / USD – decrease by 1% | (51.04)                     | (10.19)    | (51.04)                  | (10.19)    |

## iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Group is exposed to price risk arising mainly from investments in mutual funds recognised at FVTPL. As at 31st March, 2017, the carrying value of such instruments recognised at FVTPL amounts to ₹ 7,383.08 Lacs (31st March, 2016 ₹ 2,421.83 Lacs and ₹ 2,335.48 Lacs 1st April, 2015). The details of such investments in mutual funds is given in note-4.

The management expects that the exposure to risk of changes in market rates of these mutual funds is minimal.

## (b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

Credit risk arising from trade receivables is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

### Concentrations of Credit risk form part of Credit risk

During the year ended 31st March, 2017, sales to a customer approximated ₹ 4,0583.08 Lacs or 29.62 % of net revenue and during the year ended 31st March, 2016, sales to such customer approximated ₹ 2,7341.86 Lacs or 16.31 % of net revenue. Accounts receivable from such customer approximated ₹ 1,7185.11 Lacs at 31st March, 2017 and ₹ 1,8027.27 Lacs at 31st March, 2016. A loss of this customer could adversely affect the operating results or cash flows of the Group.

## (c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including, debt and overdraft / credit facilities from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

**The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:**

| Particulars                        |           |                  |              |                  | (₹ in Lacs) |
|------------------------------------|-----------|------------------|--------------|------------------|-------------|
|                                    | On Demand | Less than 1 year | 1 to 5 years | More than 5 year | Total       |
| <b>Year ended 31st March, 2017</b> |           |                  |              |                  |             |
| Interest bearing borrowings        | -         | -                | -            | -                | -           |
| Trade payables                     | -         | 11,287.35        | 95.35        | 331.11           | 11,713.81   |
| Other financial liabilities        | 785.73    | 0.72             | -            | -                | 786.45      |
| <b>Year ended 31st March, 2016</b> |           |                  |              |                  |             |
| Interest bearing borrowings        | -         | 2,313.09         | -            | -                | 2,313.09    |
| Trade payables                     | -         | 11,820.26        | 116.53       | 339.88           | 12,276.67   |
| Other financial liabilities        | 1,383.04  | 13.80            | -            | -                | 1,396.84    |
| Derivatives                        | -         | 7,548.32         | -            | -                | 7,548.32    |
| <b>Year ended 1st April, 2015</b>  |           |                  |              |                  |             |
| Interest bearing borrowings        | 58.19     | 12,722.19        | 832.72       | -                | 13,613.10   |
| Trade payables                     | -         | 11,612.22        | 1,062.23     | -                | 12,674.45   |
| Other financial liabilities        | 849.07    | 26.57            | -            | -                | 875.64      |
| Derivatives                        | -         | 1,273.30         | -            | -                | 1,273.30    |

## 35 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

As at 31st March, 2017, the Group meets its capital requirement through equity and has low debts. Consequent to such capital structure, there are no externally imposed capital requirements..

In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The management of the Group reviews the capital structure of the Group on regular basis. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.

## 36 SPECIFIED BANK NOTES DISCLOSURE (SBNs)

Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide notification G.S.R 308 (E) dated 30th March, 2017. The said amendment requires the Group to disclose the details of Specified Bank Notes ('SBNs') held and transacted during the period 8th November, 2016 to 30th December, 2016. 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 8th November, 2016

**Details of the transactions during the said period are as follows :-** (Amount in ₹)

| Particulars                                    | Specified bank notes | Other denominated notes | Total     |
|------------------------------------------------|----------------------|-------------------------|-----------|
| Closing cash on hand as on 8th November, 2016  | 5,42,500             | 9,39,520                | 14,82,020 |
| Add :                                          |                      |                         |           |
| Permitted receipts                             | -                    | 32,22,583               | 32,22,583 |
| Less :                                         |                      |                         |           |
| Permitted payments                             | -                    | 35,72,276               | 35,72,276 |
| Amounts deposited in Banks                     | 5,42,500             | -                       | 5,42,500  |
| Closing cash on hand as on 30th December, 2016 | -                    | 5,89,827                | 5,89,827  |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## 37 FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS ("Ind AS")

These Consolidated Financial Statements, for the year ended 31st March, 2017, are the first Consolidated Financial Statement, the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2016, the Group prepared its Consolidated Financial Statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 (the "Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st March, 2017, together with the comparative period data as at and for the year ended 31st March, 2016, as described in the summary of significant accounting policies. In preparing these Consolidated Financial Statements, the Group's opening Balance Sheet was prepared as at 1st April, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP Consolidated Financial Statements, including the Consolidated Balance Sheet as at 1st April, 2015 and the financial statements as at and for the year ended 31st March, 2016.

### Exemptions applied

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

- a) Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its Property, plant and equipment and Intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.
- b) The Group has elected to avail exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items outstanding and recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting as per the previous GAAP.
- c) The Group has elected to disclose the following amounts prospectively from the date of transition (Ind AS ordinarily requires the amounts for the current and previous four annual periods to be disclosed):
  - (i) the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and
  - (ii) the experience adjustments arising on the plan liabilities and the plan assets.
- d) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## (i) Reconciliation of Consolidated Balance Sheet as previously reported as per previous GAAP to Ind AS: (₹ in Lacs)

| Particulars                              | Foot Note | As at 31-03-2016<br>(Reported as per Previous GAAP) | Adjustment due to Ind AS | As at 31-03-2016<br>(As per Ind AS) | As at 01-04-2015<br>(Reported as per Previous GAAP) | Adjustment due to Ind AS | As at 01-04-2015<br>(As per Ind AS) |
|------------------------------------------|-----------|-----------------------------------------------------|--------------------------|-------------------------------------|-----------------------------------------------------|--------------------------|-------------------------------------|
| <b>ASSETS</b>                            |           |                                                     |                          |                                     |                                                     |                          |                                     |
| <b>Non-current assets</b>                |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Property, plant and equipment            | d         | 44,512.46                                           | (7.75)                   | 44,504.71                           | 42,308.74                                           | (7.40)                   | 42,301.34                           |
| Capital work-in-progress                 |           | 4,765.64                                            | -                        | 4,765.64                            | 4,179.80                                            | -                        | 4,179.80                            |
| Intangible assets                        |           | 94.65                                               | -                        | 94.65                               | 166.50                                              | -                        | 166.50                              |
| Financial assets                         |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Investments                          | b         | 0.95                                                | (0.84)                   | 0.11                                | 0.95                                                | (0.84)                   | 0.11                                |
| (ii) Loans                               | b         | 824.88                                              | (816.32)                 | 8.56                                | 2,494.28                                            | (2,484.27)               | 10.01                               |
| (iii) Other financial assets             | b         | -                                                   | 396.39                   | 396.39                              | -                                                   | 379.53                   | 379.53                              |
| Other non-current assets                 | b         | -                                                   | 420.77                   | 420.77                              | -                                                   | 2,105.57                 | 2,105.57                            |
| <b>Total non-current assets</b>          |           | <b>50,198.58</b>                                    | <b>(7.75)</b>            | <b>50,190.83</b>                    | <b>49,150.27</b>                                    | <b>(7.41)</b>            | <b>49,142.86</b>                    |
| <b>Current assets</b>                    |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Inventories                              |           | 29,472.97                                           | -                        | 29,472.97                           | 34,308.87                                           | -                        | 34,308.87                           |
| Financial assets                         |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Investments                          | b         | 2,000.00                                            | 421.83                   | 2,421.83                            | 2,000.00                                            | 235.48                   | 2,235.48                            |
| (ii) Trade receivables                   | b         | 37,560.60                                           | 1,430.90                 | 38,991.50                           | 22,250.28                                           | 9,747.28                 | 31,997.56                           |
| (iii) Cash and cash equivalents          |           | 1,230.15                                            | -                        | 1,230.15                            | 4,749.43                                            | -                        | 4,749.43                            |
| (iv) Bank balance other than (iii) above |           | -                                                   | -                        | -                                   | 3,053.00                                            | -                        | 3,053.00                            |
| (v) Loans                                | b         | 9,537.64                                            | (6,569.01)               | 2,968.63                            | 6,809.13                                            | (6,533.12)               | 276.01                              |
| (vi) Others financial assets             | b         | -                                                   | 338.78                   | 338.78                              | -                                                   | 195.76                   | 195.76                              |
| Other current assets                     | b         | 72.51                                               | 6,170.61                 | 6,243.12                            | 380.23                                              | 6,337.35                 | 6,717.58                            |
| <b>Total current assets</b>              |           | <b>79,873.87</b>                                    | <b>1,793.11</b>          | <b>81,666.98</b>                    | <b>73,550.94</b>                                    | <b>9,982.75</b>          | <b>83,533.69</b>                    |
| <b>Total Assets</b>                      |           | <b>1,30,072.45</b>                                  | <b>1,785.36</b>          | <b>1,31,857.81</b>                  | <b>1,22,701.21</b>                                  | <b>9,975.34</b>          | <b>1,32,676.55</b>                  |
| <b>EQUITY AND LIABILITIES</b>            |           |                                                     |                          |                                     |                                                     |                          |                                     |
| <b>Equity</b>                            |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Equity share capital                     |           | 934.56                                              | -                        | 934.56                              | 934.56                                              | -                        | 934.56                              |
| Other equity                             |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Securities premium                   |           | 2,279.06                                            | -                        | 2,279.06                            | 2,279.06                                            | -                        | 2,279.06                            |
| (ii) Retained earnings                   | (iii)     | 27,397.51                                           | 393.34                   | 27,790.85                           | 24,210.93                                           | 3,323.09                 | 27,534.02                           |
| (iii) Other reserves                     |           | 73,516.11                                           | -                        | 73,516.11                           | 63,509.91                                           | -                        | 63,509.91                           |
| <b>Total other equity</b>                |           | <b>1,03,192.68</b>                                  | <b>393.34</b>            | <b>1,03,586.02</b>                  | <b>89,999.90</b>                                    | <b>3,323.09</b>          | <b>93,322.99</b>                    |
| <b>Total equity</b>                      |           | <b>1,04,127.24</b>                                  | <b>393.34</b>            | <b>1,04,520.58</b>                  | <b>90,934.46</b>                                    | <b>3,323.09</b>          | <b>94,257.55</b>                    |
| <b>Liabilities</b>                       |           |                                                     |                          |                                     |                                                     |                          |                                     |
| <b>Non-current liabilities</b>           |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Financial liabilities                    |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Borrowings                           | b         | -                                                   | -                        | -                                   | 840.80                                              | (8.08)                   | 832.72                              |
| Deferred tax liabilities (net)           | g         | 4,802.54                                            | 27.06                    | 4,829.60                            | 4,776.50                                            | 16.23                    | 4,792.73                            |
| <b>Total non-current liabilities</b>     |           | <b>4,802.54</b>                                     | <b>27.06</b>             | <b>4,829.60</b>                     | <b>5,617.30</b>                                     | <b>8.15</b>              | <b>5,625.45</b>                     |
| <b>Current liabilities</b>               |           |                                                     |                          |                                     |                                                     |                          |                                     |
| Financial liabilities                    |           |                                                     |                          |                                     |                                                     |                          |                                     |
| (i) Borrowings                           | b         | -                                                   | 1,430.90                 | 1,430.90                            | 2,202.23                                            | 9,747.30                 | 11,949.53                           |
| (ii) Trade payables                      |           | 12,276.63                                           | 0.04                     | 12,276.67                           | 12,674.45                                           | -                        | 12,674.45                           |
| (iii) Other financial liabilities        | b         | -                                                   | 2,279.03                 | 2,279.03                            | -                                                   | 1,706.49                 | 1,706.49                            |
| Other current liabilities                | b         | 6,694.33                                            | (2,345.01)               | 4,349.32                            | 7,030.09                                            | (1,716.45)               | 5,313.64                            |
| Provisions                               | b,c       | 304.03                                              | -                        | 304.03                              | 3,346.15                                            | (3,093.24)               | 252.91                              |
| Current tax liabilities (net)            |           | 1,867.68                                            | -                        | 1,867.68                            | 896.53                                              | -                        | 896.53                              |
| <b>Total current liabilities</b>         |           | <b>21,142.67</b>                                    | <b>1,364.96</b>          | <b>22,507.63</b>                    | <b>26,149.45</b>                                    | <b>6,644.10</b>          | <b>32,793.55</b>                    |
| <b>Total equity and liabilities</b>      |           | <b>1,30,072.45</b>                                  | <b>1,785.36</b>          | <b>1,31,857.81</b>                  | <b>1,22,701.21</b>                                  | <b>9,975.34</b>          | <b>1,32,676.55</b>                  |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## (ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016

(₹ in Lacs)

| Particulars                                                                                          | Foot Note | Year Ended 31-03-2016<br>(Reported as per Previous GAAP) | Adjustment due to Ind AS | Year Ended 31-03-2016<br>(As per Ind AS) |
|------------------------------------------------------------------------------------------------------|-----------|----------------------------------------------------------|--------------------------|------------------------------------------|
| <b>Income</b>                                                                                        |           |                                                          |                          |                                          |
| Revenue from operations                                                                              | e         | 1,71,941.16                                              | 9,906.11                 | 1,81,847.27                              |
| Other income                                                                                         |           | 1,678.53                                                 | 70.22                    | 1,748.75                                 |
| <b>Total income</b>                                                                                  |           | <b>1,73,619.69</b>                                       | <b>9,976.33</b>          | <b>1,83,596.02</b>                       |
| <b>Expenses</b>                                                                                      |           |                                                          |                          |                                          |
| Cost of raw materials and components consumed                                                        |           | 1,06,575.90                                              | (114.40)                 | 1,06,461.50                              |
| Purchase of stock-in-trade                                                                           |           | 161.86                                                   | -                        | 161.86                                   |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade                        |           | 6,419.93                                                 | -                        | 6,419.93                                 |
| Excise duty on sales                                                                                 | e         | -                                                        | 10,067.25                | 10,067.25                                |
| Employee benefits expense                                                                            | a         | 10,141.61                                                | (131.60)                 | 10,010.01                                |
| Finance costs                                                                                        | b         | 750.59                                                   | (151.19)                 | 599.40                                   |
| Depreciation and amortisation expense                                                                | d         | 5,676.87                                                 | 0.35                     | 5,677.22                                 |
| Other expenses                                                                                       |           | 20,160.34                                                | (0.01)                   | 20,160.33                                |
| <b>Total expenses</b>                                                                                |           | <b>1,49,887.10</b>                                       | <b>9,670.40</b>          | <b>1,59,557.50</b>                       |
| <b>Profit before tax</b>                                                                             |           | <b>23,732.59</b>                                         | <b>305.93</b>            | <b>24,038.52</b>                         |
| <b>Tax expense</b>                                                                                   | g         |                                                          |                          |                                          |
| Current tax                                                                                          |           | 7,613.16                                                 | 45.55                    | 7,658.71                                 |
| Excess provision for current tax of earlier years                                                    |           | (186.43)                                                 | -                        | (186.43)                                 |
| Deferred tax                                                                                         |           | 26.04                                                    | 10.83                    | 36.87                                    |
| <b>Total tax expense</b>                                                                             |           | <b>7,452.77</b>                                          | <b>56.38</b>             | <b>7,509.15</b>                          |
| <b>Profit for the period</b>                                                                         |           | <b>16,279.82</b>                                         | <b>249.55</b>            | <b>16,529.37</b>                         |
| Other comprehensive income                                                                           |           |                                                          |                          |                                          |
| <b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b> | f         |                                                          |                          |                                          |
| Re-measurement loss on defined benefit plans                                                         | a         | -                                                        | (131.61)                 | (131.61)                                 |
| Income tax effect                                                                                    | g         | -                                                        | 45.55                    | 45.55                                    |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods        |           | -                                                        | (86.06)                  | (86.06)                                  |
| Other comprehensive income for the period, net of tax                                                |           | -                                                        | (86.06)                  | (86.06)                                  |
| <b>Total comprehensive income for the period, net of tax</b>                                         |           | <b>16,279.82</b>                                         | <b>163.49</b>            | <b>16,443.31</b>                         |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## (iii) Reconciliation of Equity

| Particulars                                     | Foot Note | (₹ in Lacs)        |                  |
|-------------------------------------------------|-----------|--------------------|------------------|
|                                                 |           | As at 31.03.2016   | As at 01.04.2015 |
| Net worth under IGAAP                           |           | 1,04,127.24        | 90,934.46        |
| Dividend and tax on dividend distribution       | c         | -                  | 3,093.24         |
| Fair value gain / (loss) on investments         | b         | 421.83             | 235.48           |
| Deferred taxes                                  | g         | (27.06)            | (16.23)          |
| Amortisation of leasehold land                  | d         | (7.78)             | (7.43)           |
| Amortisation of processing charges on borrowing | b         | 8.08               | 18.03            |
| Amortization of interest received in advance    | b         | (1.73)             | -                |
| <b>Net Worth under Ind AS</b>                   |           | <b>1,04,520.58</b> | <b>94,257.55</b> |

### Explanatory Notes to the transition from previous GAAP to Ind AS:

#### (a) Re-measurement cost of net defined liability:

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to Consolidated Statement of Profit and Loss. Under Ind AS, re-measurements comprising of actuarial gains and losses, the effect of the asset selling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets are recognised immediately in the Consolidated Balance Sheet with a corresponding debit or credit to retained earnings through OCI.

#### (b) Classification and fair value measurement of Financial Assets and Financial Liabilities:

The Group has assessed the classification and fair valuation impact of financial assets and liabilities under Ind AS 32 / Ind AS 109 on the basis of the facts and circumstances at the transition date. Impact of fair value changes as on date of transition, is recognised in opening reserves and changes thereafter are recognised in Consolidated Statement of Profit and Loss Account or Other Comprehensive Income, as the case may be.

Sales bills discounted has been recognised as financial assets and liabilities as the Group has retain substantially all risks and rewards of ownership of the transferred assets based on arrangements with the bankers and the customers.

Borrowings (part of Financial Liabilities) - Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability measured at amortised cost and charged to Consolidated Statement of Profit and Loss using the Effective Interest Rate (EIR) method.

#### (c) Reversal of Proposed Dividend and Tax thereon:

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Group (usually when approved by shareholders in a General Meeting) or paid.

In the case of the Group, the declaration of final dividend occurs after period end. Therefore, the liability for the year ended on 31st March, 2015 recorded for dividend has been derecognised against retained earnings on 1st April, 2015 and the same liability was recognised in the financial year 2015-16.

#### (d) Leasehold Land:

Under previous GAAP, value of leasehold land is amortised in equal instalments during the last fifteen years of the lease term where as under Ind AS value of leasehold land is amortised over the period of lease.

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## (e) Excise Duty:

Under previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Consolidated Statement of Profit and Loss as part of expenses.

## (f) Other comprehensive income:

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP Consolidated Statement of Profit and Loss to Consolidated Statement of Profit and Loss as per Ind AS. Further, Indian GAAP Consolidated Statement of Profit and Loss is reconciled to total comprehensive income as per Ind AS.

## (g) Deferred Tax Adjustments:

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in co-relation to the underlying transaction either in retained earnings or a separate component of equity. Further, tax credits in the form of minimum alternate tax credit entitlement is classified as deferred tax under Ind AS.

## (h) Statement of cash flow:

The transition from Indian GAAP to Ind AS does not have material impact on the Consolidated Statement of Cash Flow.

## 38 STATUTORY GROUP INFORMATION

| Name of the entity in the Group             | Net Assets (i.e. total assets minus total liabilities) |             | Share in profit / (loss)             |           | Share in other Comprehensive income          |          | Share in total Comprehensive income          |           |
|---------------------------------------------|--------------------------------------------------------|-------------|--------------------------------------|-----------|----------------------------------------------|----------|----------------------------------------------|-----------|
|                                             | As % of consolidated net assets                        | INR Lacs    | As % of consolidated profit / (loss) | INR Lacs  | As % consolidated other Comprehensive income | INR Lacs | As % consolidated other Comprehensive income | INR Lacs  |
| <b>Parent Company</b>                       |                                                        |             |                                      |           |                                              |          |                                              |           |
| <b>Ratnamani Metals &amp; Tubes Limited</b> |                                                        |             |                                      |           |                                              |          |                                              |           |
| Balance as at 31 March 2017                 | 99.93%                                                 | 1,18,694.16 | 100.17%                              | 14,429.91 | 100.00%                                      | (145.90) | 100.17%                                      | 14,284.01 |
| Balance as at 31 March 2016                 | 99.89%                                                 | 1,04,410.15 | 99.96%                               | 16,522.04 | 100.00%                                      | (86.06)  | 99.96%                                       | 16,435.98 |
| <b>Subsidiary Company</b>                   |                                                        |             |                                      |           |                                              |          |                                              |           |
| <b>Foreign</b>                              |                                                        |             |                                      |           |                                              |          |                                              |           |
| <b>Ratnamani INC. USA</b>                   |                                                        |             |                                      |           |                                              |          |                                              |           |
| Balance as at 31 March 2017                 | 0.07%                                                  | 84.05       | -0.17%                               | (23.98)   | -                                            | -        | -0.17%                                       | (23.98)   |
| Balance as at 31 March 2016                 | 0.11%                                                  | 110.43      | 0.04%                                | 7.33      | -                                            | -        | 0.04%                                        | 7.33      |
| <b>Total</b>                                |                                                        |             |                                      |           |                                              |          |                                              |           |
| Balance as at 31 March 2017                 | 100.00%                                                | 1,18,778.21 | 100.00%                              | 14,405.93 | 100.00%                                      | (145.90) | 100.00%                                      | 14,260.03 |
| Balance as at 31 March 2016                 | 100.00%                                                | 1,04,520.58 | 100.00%                              | 16,529.37 | 100.00%                                      | (86.06)  | 100.00%                                      | 16,443.31 |

# Notes to Consolidated Financial Statements

for the year ended on 31st March, 2017

## 39 EXPOSURE DRAFTS AND ACCOUNTING STANDARDS NOT YET NOTIFIED

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

- (a) Amendments to Ind AS 7, Statement of Cash Flow: The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st April, 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.
- (b) Amendments to Ind AS 102, Share-based Payment: The MCA has issued amendments to Ind AS 102 that address three main areas
  - i) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction,
  - ii) the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and
  - iii) accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1st April, 2017.

These amendments does not have material impact on the Group's financial statements. The Group will adopt these amendments from their applicability date.

## 40 EVENTS OCCURRED AFTER THE BALANCE SHEET DATE

The Group evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 17th May, 2017, there were no subsequent events to be recognized or reported that are not already previously disclosed.

As per our report of even date

**For Mehta Lodha & Co.**

Chartered Accountants

ICAI Firm Registration No: 106250W

**per PRAKASH D. SHAH**

Partner

Membership No. 34363

**For S R B C & Co. LLP**

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

**per ARPIT K. PATEL**

Partner

Membership No. 34032

**For Ratnamani Metals & Tubes Limited**

**P. M. SANGHVI**

Chairman and  
Managing Director

**S. M. SANGHVI**

Whole Time Director

**DR. V. M. AGRAWAL**

Director

**NIDHI GADHECHA**

Director

**VIMAL KATTA**

Chief Financial Officer

Place : Ahmedabad

Date : 17th May, 2017

**J. M. SANGHVI**

Whole Time  
Director

**D. C. ANJARIA**

Director

**P. M. MEHTA**

Director

**JIGAR SHAH**

Company Secretary

Place : Ahmedabad

Date : 17th May, 2017

# Corporate Information

## BOARD OF DIRECTORS

|                             |                                |
|-----------------------------|--------------------------------|
| Shri Prakash M. Sanghvi     | - Chairman & Managing Director |
| Shri Jayanti M. Sanghvi     | - Whole Time Director          |
| Shri Shanti M. Sanghvi      | - Whole Time Director          |
| Shri Divyabhash C. Anjaria  | - Independent Director         |
| Dr. Vinod M. Agrawal        | - Independent Director         |
| Shri Pravinchandra M. Mehta | - Independent Director         |
| Smt. Nidhi G. Gadhecha      | - Independent Director         |

## KEY MANAGERIAL PERSONNEL

|                  |                                          |
|------------------|------------------------------------------|
| Shri Vimal Katta | - Sr. Vice President<br>(F & A) (C.F.O.) |
| Shri Jigar Shah  | - Company Secretary                      |

## AUDIT COMMITTEE

|                            |            |
|----------------------------|------------|
| Shri Divyabhash C. Anjaria | - Chairman |
| Dr. Vinod M. Agrawal       | - Member   |
| Shri Jayanti M. Sanghvi    | - Member   |
| Smt. Nidhi G. Gadhecha     | - Member   |

## NOMINATION AND REMUNERATION COMMITTEE

|                             |            |
|-----------------------------|------------|
| Shri Divyabhash C. Anjaria  | - Chairman |
| Dr. Vinod M. Agrawal        | - Member   |
| Shri Pravinchandra M. Mehta | - Member   |

## STAKEHOLDERS RELATIONSHIP COMMITTEE

|                            |            |
|----------------------------|------------|
| Shri Divyabhash C. Anjaria | - Chairman |
| Dr. Vinod M. Agrawal       | - Member   |
| Shri Jayanti M. Sanghvi    | - Member   |

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

|                             |            |
|-----------------------------|------------|
| Shri Pravinchandra M. Mehta | - Chairman |
| Shri Prakash M. Sanghvi     | - Member   |
| Shri Jayanti M. Sanghvi     | - Member   |

## BANKERS

State Bank of India  
IDBI Bank  
ICICI Bank

## STATUTORY AUDITORS

M/s. Mehta Lodha & Co., Chartered Accountants  
M/s. S. R. B. C. & Co., LLP, Chartered Accountants

## INTERNAL AUDITORS

M/s. G. K. Choksi & Co., Chartered Accountants

## COST AUDITORS

M/s. N. D. Birla & Co., Cost Accountants

## REGISTERED OFFICE

17, Rajmugat Society, Naranpura Char Rasta,  
Ankur Road, Naranpura, Ahmedabad – 380 013  
Website : [www.ratnamani.com](http://www.ratnamani.com)  
CIN : L70109GJ1983PLC006460  
Phone No. : 079-27415501-04  
Fax No. : 079-27480999  
E-mail Id : [info@ratnamani.com](mailto:info@ratnamani.com)

## WORKS

SS TUBES AND PIPES DIVISION  
Survey No. 769, Ahmedabad – Mehsana Highway, Village Indrad,  
Nr. Chhatral G.I.D.C. Estate,  
Taluka: Kadi, Dist: Mehsana - 382715, North Gujarat.  
Phone No. : 02764-232254/63, Fax No. : 02764-234105

## SAW PIPE DIVISION (C. S. PIPES DIVISION)

Plot No. 3306 to 3309,  
G.I.D.C. Estate, Chhatral Phase IV, Ahmedabad – Mehsana  
Highway,  
P. O. Chhatral, Taluka: Kalol, Dist: Gandhinagar - 382729, Gujarat  
Phone No. : 02764-232234, 233918  
Fax No. : 02764-233859

## KUTCH DIVISION

Survey No. 474, Anjar – Bhachau Road,  
Village: Bhimasar, Taluka: Anjar, Dist: Kutch, Gujarat  
Phone No. : 02836-285538-39  
Fax No. : 02836-285540, 285261, 285262

## SALES OFFICE

**MUMBAI:**  
Panchsheel Plaza, B-Wing, 2nd Floor, 55-Gam Devi Road,  
Nr. Dharam Palace, Mumbai-400 007  
Phone No. : 022-43334555, Fax No. : 022-43334575

## NEW DELHI:

208, Second Floor, Somdatt Chambers-II,  
9, Bhikaji Cama Place, New Delhi – 110 066  
Phone No. : 011-46152724

## REGISTRAR & TRANSFER AGENT

M/s. Link Intime (India) Pvt. Ltd.  
Unit No 303, 3rd Floor, Shoppers Plaza V, Opp Municipal Market,  
Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad – 380 009.  
Tel : 079 - 2646 5179  
Email : [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)





**Registered Office**

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