

# BOARD'S REPORT

## To the members,

Your Directors present the 33rd Annual Report on the business and operations of the Company along with the audited standalone and consolidated financial statements for the year ended 31st March 2021.

## 1. Financial Results

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Revenue from Operations	33,745	28,614	54,654	48,021
Other Income	61	163	163	117
<b>Profit before Depreciation, Interest &amp; Tax</b>	<b>6,320</b>	<b>4,727</b>	<b>9,374</b>	<b>6,919</b>
Interest & Financial Charges	908	914	1,338	1,339
Profit before Depreciation	5,412	3,813	8,036	5,580
Less: Depreciation	666	534	1,410	1,209
Profit before Taxation & Exceptional Items	4,746	3,279	6,626	4,371
Less: Total Tax Expense	1,049	969	1,313	1,067
<b>Profit After Tax for the year</b>	<b>3,697</b>	<b>2,310</b>	<b>5,313</b>	<b>3,304</b>
<b>Other Comprehensive Income</b>				
(a) Items that will not be reclassified to Profit or Loss	(11)	(52)	(11)	(52)
(b) Items that will be reclassified to Profit or Loss			4	205
<b>Total Comprehensive Income for the year</b>	<b>3,686</b>	<b>2,258</b>	<b>5,306</b>	<b>3,457</b>

## 2. Overview of Company's Financial Performance:

The company's performance during Financial Year 2020-21 on a standalone and consolidated basis were as follows -

### A. On standalone basis

Your Company's standalone revenues were Rs. 33,745 against Rs. 28,614 lakhs in the previous year. Profit before tax stood at Rs. 4,746 lakhs in FY 21 against Rs. 3,279 lakhs in FY 20; profit after tax for FY 21 was Rs. 3,697 lakhs compared to Rs. 2,310 lakhs in the previous year.

### B. Consolidated revenues

Your Company's consolidated revenues were Rs. 54,654 lakhs in FY 21 in comparison with Rs. 48,021 lakhs in FY 20. The Company's profit after tax increased from Rs. 3,304 lakhs in FY 20 to Rs. 5,313 lakhs in FY 21.

## 3. Economic scenario

FY 2020-21 was a seminal year as the pandemic shook the world's confidence in predictability and business visibility. The need for protection became predominant as the global economy encountered one of its biggest challenges. The outbreak of Covid-19 pandemic from December 2019 extended to a full-fledged global impact within a quarter. As countries entered into lockdowns, global commerce declined and the global economy de-grew for the first time in years (3.4 per cent degrowth in 2020).

## 4. Prospects and Outlook

Despite the economic slowdown, your Company is competently placed to counter challenge. Your Company increased its consolidated manufacturing capacity to 1,12,000 TPA (India

and Thailand), which will enable it to increase market share at one of the lowest capital costs per tonne. The Company strengthened its ability to service customers, the pandemic notwithstanding. The Company is optimistic of strengthening its market share on account of larger bead wire capacity, strong order book (especially in Thailand), enduring customer relationships and a portfolio of high-end bead wire addressing demanding customers.

## 5. Dividend

In view of record growth with highest profitability after tax (PAT), investments already made towards expansion and future plans and considering completion of 30th year of commercial production of the company, the Board of Directors at their meeting held on 24th April 2021, have recommended payment of Rs. 8/- (Rupees Eight Only) (80%) per equity share of the face value of Rs. 10 (Rupee Ten only) each as dividend for the financial year ended 31st March 2021. The payment of dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company. The dividend amount for the financial year 2020-21, will be Rs. 812 lakhs.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. The Company shall, accordingly, make the payment of the final dividend after deduction of tax at source.

## 6. Transfer to Reserves

Consequent to introduction of Companies Act 2013, the requirement of mandatory transfer of a specified percentage of the net profit to general reserve has been withdrawn and the Company can optionally transfer any amount from the surplus of profit or loss account to the General reserves. The Company has transferred Rs. 1000 lakhs to the General Reserve out of the amount available for appropriation.

## 7. Share Capital

The paid up share capital of the company as on 31st March 2021 is Rs. 1,015.42 lakhs divided into 1,01,54,200 equity shares of Rs. 10/- each. There has been no change in the paid up capital of the Company during the year under review. Your company does not hold any instruments convertible into the equity shares of the Company.

## 8. Subsidiary Companies

The Company has only one foreign wholly-owned subsidiary viz. Rajratan Thai Wire Co. Ltd. There was no associate company within the meaning of Section 2(6) of the Companies Act, 2013("Act"). There was no change in the nature of the business of the subsidiary.

Pursuant to Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiary in Form AOC-1 is attached to the financial statements of the company. Pursuant to section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and

separate audited accounts in respect of the subsidiary, are available on the website of the company [www.rajratan.co.in](http://www.rajratan.co.in). Performance of the Rajratan Thai Wire Co. Ltd, Thailand the WOS of the Company during the year, was as under –

### Rajratan Thai Wire Co. Limited, Thailand:

Rajratan Thai Wire Co. Limited is a fully-owned subsidiary of the Company with its manufacturing facility in Ratchaburi, Thailand, and engaged in manufacturing bead wire. During the year under review, it recorded an increase of 4.37% in sales volume to reach 29045 MT compared to 27829 MT in the previous year. Net revenues increased by 8% to reach Rs. 20,921 lakhs as compared to Rs. 19441 lakhs in the previous year. Profit after tax stood at Rs. 1616 lakhs compared to Rs. 994 lakhs in the previous year.

## 9. Directors' responsibility statement

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) they have 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 at the end of the financial year and of the profit of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 10. Deposits:

The Company has not accepted any fixed deposit from the public during the financial year ended 31st March 2021 within the meaning of section 73 and 74 of the Companies Act, 2013 read with the relevant rules.

## 11. Listing:

The shares of the Company are listed on the Bombay Stock Exchange Limited and National stock Exchange, and the Company is regular in making payment of the listing fees. There was no suspension of trading during the year under review.

## 12. Conservation of Energy, Technology and Foreign Exchange Earnings and outgo

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts of Companies) Rules, 2014 are set out in an "Annexure-I" to this report.

## 13. Material changes and commitments occurred, if any, affecting the financial position of the company, having occurred since the end of the year and till the date of Report

The pandemic is causing an economic upheaval, the impact of which has been discussed in the Chairman and Managing Director's overview as well as the Management Discussion and Analysis, which forms a part of this Annual Report.

## 14. Corporate Social Responsibility

As a part of CSR initiative under the 'Corporate Social Responsibility' drive, the Company has undertaken projects mainly in the areas education, women empowerment, health care and environmental sustainability. The Company works primarily through its CSR trust, the Rajratan Foundation. The Company's CSR policy is available on our website, at [www.rajratan.co.in/investors/](http://www.rajratan.co.in/investors/). The annual report on our CSR activities is appended as 'Annexure II' to the Board's Report.

## 15. Directors and key managerial personnel

The Board of Directors at its meeting held on 21st January 2021 has re-appointed Mr. Sunil Chordia (DIN: 00144786) as Chairman & Managing Director of the Company for a period of three years, effective from 1st April 2021, subject to approval of the members at the ensuing Annual General Meeting.

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act and the Articles of Association of the Company, Mr. Abhishek Dalmia, (DIN: 0011958) Non-Executive Director of the Company, is liable to retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

The Company has received declarations from all the Independent Directors of the Company confirming that:

- a) they meet the criteria of independence prescribed under the Act and the Listing Regulations and
- b) they have registered their names in the Independent Directors' Databank.

In the Opinion of the Board, all the independent directors fulfill the criteria of the independency as required under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

In terms of Section 203 of Companies Act, 2013, Mr. Sunil Chordia, Mr. Hitesh Jain and Mr. Shubham Jain are key managerial personnels of the Company. During the year under review, there were no other changes to the Key Managerial Personnel of the Company.

## 16. Number of meetings of the board

Four meetings of the Board were held during the year. The details of the meetings of the Board of Directors and its committees, convened during the financial year 2020-21 are given in the Corporate Governance Report, which forms part of this Annual Report.

## 17. Board evaluation

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Independent Directors was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

The performance of the Board was evaluated after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the Board as a whole was evaluated.

## 18. Board Committees

Your Company has in place the Committee(s) as mandated under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are currently four committees of the Board, namely:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee

Details of the Committees along with their composition and meetings held during the year, are provided in the Corporate Governance Report, which forms part of this report.

## 19. Policy on directors' appointment and remuneration and other details

The Company has in place policy for directors' appointment and remuneration and other matters provided in Section 178(3) of the Act which is available on the website of the company at [www.rajratan.co.in/investors](http://www.rajratan.co.in/investors).

## 20. Managerial Remuneration and particulars of employees

Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 a disclosure on remuneration related information of employees, Key Managerial Personnel and directors is annexed herewith as "Annexure-III." The Chairman and Managing Director of your Company does not receive remuneration from the subsidiary of your Company.

## 21. Transactions with related parties

During the Financial Year 2020-21, all contracts/arrangements/transactions entered into by your Company with related parties under Section 188(1) of the Act were in the ordinary course of business and at arm's length basis. During the Financial Year 2020-21, your Company has not entered into any contracts/arrangements/transactions with related parties which could be considered 'material'. Thus, there are no transactions required to be reported in form AOC-2. The Board has taken on record all transaction with related parties.

Further, during Financial Year 2020-21, there were no materially significant related party transactions made by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which might have potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee and approved through the Omnibus mode in accordance with the provisions of the Companies Act, 2013 and Listing Regulations. The policy on Related Party Transactions is uploaded on the Company's website [www.rajratan.co.in/investors/](http://www.rajratan.co.in/investors/). Information on transactions with related parties pursuant to Section 134(3) (h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, though not mandatory, is given in "Annexure-IV" in Form AOC-2 and the same forms part of this report.

## 22. Annual return

The Annual Return of the Company as on 31st March 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at [www.rajratan.co.in/investors/](http://www.rajratan.co.in/investors/).

## 23. Loans, Guarantees and Investment

The company has given loans and issued guarantee in favor of its wholly- owned subsidiary viz. Rajratan Thai Wire Limited, Thailand which is exempted under the provisions of section 186 of the Companies Act, 2013 read with Rule 11 of the Companies (Meetings of Board and its Powers) Rules, 2014. 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.

## 24. Auditors:

### a. Statutory Auditors:

At the 29th AGM held on 11th August 2017 the Members approved appointment of M/s D S Mulchandani & Co., Chartered Accountants, Indore (ICAI Firm Registration No. 021781C) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till

the conclusion of the 34th AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from 7th May 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 33rd AGM.

There is no qualification, reservation or adverse remark by the auditors for the year under review.

### b. Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Vatsalya Sharma, Company Secretary in Practice (CP No. 19754) to conduct the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure-V" The secretarial audit report does not contain any qualification, adverse observations/remarks.

### c. Cost Auditors:

As per the requirement of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit), Amendment Rules 2014, your Company is required to get its cost accounting records audited by a Cost Auditor.

M/s. Neeraj Maheshwari & Associates, Practicing Cost Accountant (Firm Registration No. 002113), were appointed as cost auditor to conduct the cost audit of the company for financial year 2020-21.

Further the Board of Directors on the recommendation of Audit Committee, has appointed M/s Neeraj Maheshwari & Associates, Cost Accountant (Firm Registration No. 002113), Practicing Cost Accountants to conduct the audit of the cost accounting records of the Company for Financial year 2021-22. As required under the Companies Act, 2013 resolution seeking members approval for the remuneration payable to Cost Auditor form part of the notice convening the AGM for their ratification. The Cost Audit Report of the Company for the financial year ended 31st March 2020, was filed with the Ministry of Corporate Affairs, New Delhi.

### d. Internal Auditor

The Company has appointed M/s Mehta Garg & Agrawal, Chartered Accountants (Firm Registration No 019648C) as Internal Auditors to conduct internal audit of the function and activities of the Company. The Audit Committee of the Board of Directors in consultation with the Internal Auditors, formulate the scope, functioning, periodicity and methodology for conducting the internal audit.

## 25. Internal Control System and their Adequacy, Internal Financial Controls

Your Company's internal control system is commensurate with its scale of operations designed to effectively control the operations. The internal control systems are designed to

ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. Independent Internal Auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out by Internal Audit. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors. The Audit Committee reviews the adequacy and effectiveness of internal control systems and suggests ways of further strengthening them, from time to time.

As per Section 134(5)(e) of the Companies Act 2013, the Directors have an overall responsibility for ensuring that the Company has implemented robust system and framework of Internal Financial Controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. The Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audits, risk management framework and whistle blower mechanism.

## 26. Risk management

The company has laid down a well defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor and non-business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/ mitigate the same through a properly defined framework. During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the company.

## 27. Disclosure requirements

### a) Corporate Governance:

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the stipulations set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A separate report of the Board of Directors of the Company on Corporate Governance is an integral part of the Annual Report and included as "Annexure VI" and the Certificate from M/s D S Mulchandani & Co., Chartered Accountants, Indore (ICAI Firm Registration No. 021781C), Statutory Auditors of the Company, confirming compliance with the requirements of Corporate Governance as stipulated in Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is annexed as "Annexure VII".

### b) Familiarization Program for Independent Directors

Your Company has in place a Familiarization Program for independent Directors to provide insights into the Company's Business to enable them to contribute significantly to its success. The Senior Management makes presentations periodically to familiarize the Independent Directors with the strategy operations and functions of

the Company. The details of the familiarization program of the independent directors are available on the website of the Company [www.rajratan.co.in/investor/](http://www.rajratan.co.in/investor/).

### c) Dematerialisation of Shares

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on 31st March 2021, 98.75% of the share capital stands dematerialised.

d) Policy on determining material subsidiary of the Company is available on the website of the Company [www.rajratan.co.in/investor/](http://www.rajratan.co.in/investor/).

e) Policy on dealing with related party transactions is available on the website of the Company [www.rajratan.co.in/investor/](http://www.rajratan.co.in/investor/).

f) The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the Company to report genuine concerns. The provisions are in line with the provisions of the section 177(9) of the Companies Act, 2013 read with regulation 22 of the Listing Regulations.

g) As required under section 134(q) there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

h) The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company.

i) The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of the SEBI(Prohibition of Insider Trading) Regulation, 2015 with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code. The Insider Trading Policy of the Company covering code of practices and procedure for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading is available on the website of the Company at [www.rajratan.co.in/investor](http://www.rajratan.co.in/investor/).

j) As required by the Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on

prevention of sexual harassment at the workplace with a mechanism of lodging complaints and has formed required committee. During the year under review, no complaints were reported.

- k) The details of the Committees of Board are provided in the Corporate Governance Report section of this Annual Report.
- l) The details of credit ratings are disclosed in the Corporate Governance Report, which forms part of the Annual Report.
- m) In accordance with the provisions of the Act and Listing Regulations read with relevant accounting standards, the consolidated audited financial statement forms part of this Annual Report.
- n) The Company has followed applicable Secretarial Standards, issued by the Institute of Companies Secretaries of India.
- o) As required under Section 134(3)(a) of the Act, the Annual Return is put up on the Company's website i.e. [www.rajratan.co.in/investors](http://www.rajratan.co.in/investors)
- p) As per the provisions of Companies (Acceptance of Deposits) Rules, 2014 the company has taken unsecured loan from directors during the year and the details of such loans have been disclosed in the 'Notes to Account'.

## 28. Management Discussion and Analysis

A detailed report on Management Discussion and Analysis is provided as a separate section in the Annual Report.

## 29. Cautionary Note:

The management discussion and analysis report containing your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. The statements in this management discussion and analysis report could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the governmental regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

Place: Indore  
Dated: 24th April 2021

## 30. ANNEXURES FORMING A PART OF DIRECTOR'S REPORT

The Annexures referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report:

Annexure	Particulars
I	Particulars of Conservation of Energy, Technology and Foreign Exchange
II	Report on Corporate Social Responsibility
III	Managerial Remuneration and Particulars of Employees
IV	Related Party Transactions
V	Secretarial Audit Report
VI	Corporate Governance Report
VII	Certificate on Corporate Governance Report
VIII	AOC-1

## 31. Human Resources and Industrial Relations:

Your Company has been able to operate efficiently because of a culture of professionalism, integrity, dedication, competence, commitments, high level of people engagement and continuous improvement shown by its employees in all functions and areas of business.

During the year measures for training, development, safety of the employees and environmental awareness received top priority of Management. The Directors wish to place on record their appreciation for the efficient and loyal services rendered by all staff and work force of the Company, without whose wholehearted effort, the satisfactory performance would not have been possible.

## 32. Appreciation:

Your Board of Directors would like to convey their sincere appreciation for the wholehearted support and contributions made by all the employees at all levels of the Company for their hard work, solidarity, cooperation and dedication during the year.

Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

### For and on behalf of the Board

**Sunil Chordia**

*Chairman & Managing Director*

DIN - 00144786

**Shiv Singh Mehta**

*Director*

DIN - 00023523