

Directors' Report

Dear Members,

Your Directors are pleased to present the 34th Annual Report of your Company along with the Audited Financial Statements of the Company for the year ended 31st March, 2018.

1. FINANCIAL RESULTS AT A GLANCE

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations	1,78,981	1,47,605	1,78,981	1,47,622
Other Income	3,242	1,400	3,242	1,406
Total Income	1,82,223	1,49,005	1,82,223	1,49,028
Profit before Tax	22,788	20,546	22,786	20,522
Less: Income tax expenses	7,609	6,116	7,609	6,116
Profit After Tax	15,179	14,430	15,177	14,406

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

During the year under review, the Company has achieved turnover of ₹ 1789.81 Crores compared to the previous of ₹ 1476.05 Crores. The total income on Standalone basis for the F.Y. 2017-18 was ₹ 1822.23 Crores, increased by 22.29% compared to the total income of the previous year, while the profit after tax for the year was ₹ 151.79 Crores, also increased by 5.19% compared to the previous year.

The Consolidated Gross Revenue from operations for F.Y. 2017-18 was at ₹ 1789.81 Crores, increased by 21.24% and the Consolidated Profit after tax at ₹ 151.77 Crores was also higher by 5.35%

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 ₹ 6.00 per Equity Share having face value of ₹ 2.00 each (i.e. 300% on the paid-up capital) for the financial year ended on 31st March 2018. The total dividend pay-out for the F.Y. 2017-18 shall be ₹ 2803.68 lacs comprising of dividend amounting to ₹ 2232.92 lacs and dividend tax of ₹ 570.76 lacs. The dividend payout is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company is available at the web link <http://www.ratnamani.com/investorsrelations.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 31st March, 2018 was ₹ 934.56 Lacs divided into 4,67,28,000 Equity Shares of ₹ 2.00 each.

6. FINANCE

The Company does not have any long-term borrowings as on date.

7. FIXED DEPOSITS

During the year under review, your Company has not accepted any deposits 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

- As required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, particulars of Shri Shanti M. Sanghvi (DIN:00007955), Whole Time Director, seeking re-appointment at ensuing Annual General Meeting is annexed to the notice convening 34th Annual General Meeting.

The term of appointment of Shri Prakash M. Sanghvi, Managing Director, Shri Jayanti M. Sanghvi and Shri Shanti M. Sanghvi, Whole Time Directors is up to 31st October, 2018. Based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 22nd May, 2018 has considered and approved the re-appointment of Shri Prakash M. Sanghvi as Managing Director, Shri Jayanti M. Sanghvi and Shri Shanti M. Sanghvi as Whole Time Directors for a further period of 5 (Five) consecutive years with effect from 1st November, 2018.

Further, the first term of appointment of Shri Divyabhash C. Anjaria, Shri Pravinchandra M. Mehta and Dr. Vinodkumar M. Agrawal, Independent Directors will be expiring at the ensuing 34th Annual General

Meeting. Based on their skills, experience, knowledge, performance, evaluation and recommendation of the the Nomination and Remuneration Committee and Board of Directors, it is proposed to re-appoint them for the second term of 5 (Five) consecutive years up to the conclusion of the 39th Annual General meeting to be held in the calendar year 2023.

The Company has also 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Their brief resumes, as required under Regulation 36 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, forms a part of the Notice of the 34th Annual General Meeting of the Company.

b) Performance Evaluation of Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) 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 programme 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>

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, Chief Financial Officer

5. Shri Jigar Shah, Company Secretary & 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 31st March 2018 and of the profits of the Company for the financial year ended on 31st March 2018.
- 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 the Corporate Governance Report, which forms a part of this 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 are the members of the Committee.

13. STATUTORY AUDITORS

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

Based upon the recommendation of the Audit Committee meeting held on 21st May, 2018, the Board of Directors at its

meeting held on 22nd May, 2018 has considered and approved the appointment of M/s. Kantilal Patel & Co. Chartered Accountants, Ahmedabad as the Joint Statutory Auditors for a period of 5 (Five) years from the conclusion of the ensuing 34th Annual General Meeting till the conclusion of the 39th Annual General Meeting of the Company to be held in the calendar year 2023, subject to the approval of the Shareholders.

Your company has received written consent(s) and certificate(s) 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. Kantilal Patel & Co., 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, as the Cost Auditors of the Company to audit the Cost accounts for the financial year 2018-19 on a remuneration of ₹ 1,20,000/- 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 2017-18 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 2018-19 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 Auditors of the Company to conduct an audit of the secretarial records, for the financial year 2018-19. 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 on 31st March, 2019.

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 of 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 Systems 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/ tightened to meet the changed business requirements.

All the Business Heads / Function Heads 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 sites in Gujarat 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 (Listing Obligations and Disclosure Requirements) 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. SUBSIDIARY, ITS PERFORMANCE 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 subsidiary was not so good, it was declined due to lower crude prices and lower demand from Oil & Gas sector. As a consequence, the subsidiary recorded a loss of US \$ 3052.50 (equivalent to ₹ 1.95) Lacs) for the year ended on 31st March, 2018 [Previous Year: Loss of US \$ 36,130.02 (equivalent to ₹ 23.98) Lacs)]. 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 (Listing Obligations and Disclosure Requirements) 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 31st March, 2018 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 the same can be accessed at the web link: http://www.ratnamani.com/investors_relations.html

21. 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 (Listing Obligations and Disclosure Requirements) 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporate Governance Report and the Secretarial Auditors' Certificate regarding compliance of conditions of Corporate Governance are attached and forms part of the Annual Report.

22. 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.

23. 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

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 and awareness.
- The Company would also like to undertake need-based initiatives in future.

During the year, the Company has spent ₹ 228.60 Lacs on CSR activities. The detail of CSR activities and expenses are given in Annexure-"D".

24. 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.

25. 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.

26. SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed with the Directors' Report and forms part of the Annual Report as given in Annexure-"G". Further, the Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

27. BUSINESS RESPONSIBILITY REPORT

Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) 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 provides 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.

28. DISCLOSURES:

A. Vigil Mechanism

The Vigil Mechanism of the Company also incorporates a whistle blower policy in terms of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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

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

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 (Listing Obligations and Disclosure Requirements) 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 2017-18, there was no complaint/case of sexual harassment and hence no complaint remains pending as on 31st March, 2018.

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:

- a) There has been no material change in the nature of business during the year under review.
- b) 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.
- c) 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

PRAKASH M. SANGHVI

**Chairman and Managing Director
DIN: 00006354**

Place : Ahmedabad
Date : 22nd May, 2018