Notes to Standalone Financial Statements
for the year ended 31st March, 2018

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 22nd May 2018.

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 (as amended from time to time).

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) and derivative 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.

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.

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 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 unquoted financial assets. 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 32 and 33)
- Quantitative disclosures of fair value measurement hierarchy (refer note 32.2)
- Financial instruments (including those carried at amortised cost) (refer note 32.2)

d PROPERTY, PLANT AND EQUIPMENT (PPE):

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 property, plant and equipment 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 property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed

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standard of performance. All other expenses on existing property, plant and equipment, 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.

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.

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 recognized in the Statement of Profit and Loss.

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.

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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.

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.

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.

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

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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)/ Goods and Service Tax (GST) 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/GST, trade discounts & other taxes, adjustments for late delivery charges and material returned/rejected.

ii) 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, in accordance with the terms of power purchase agreements.

l 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 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 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.

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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 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 25.

(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 32 and 33 for further disclosures.

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

Note No.-3 Property, Plant and Equipment, Intangible Assets and Capital work-in-progress

(a) Property, Plant and Equipment (₹ in Lacs)

Particulars	Leasehold land	Freehold land	Buildings	Plant & Machinery	Furniture & fixture	Vehicles	Office equipment	Total
Cost								
As at 1st April, 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
Additions	-	1,429.96	694.46	3,255.00	4.57	394.04	56.62	5,834.65
Deductions / Capitalisation	-	-	-	121.93	-	98.98	0.30	221.21
Foreign Exchange differences	-	-	-	-	-	-	-	-
As at 31st March, 2018	27.60	2,999.14	10,445.34	45,479.90	431.69	1,695.99	348.15	61,427.81
Depreciation/Amortization and Impairment								
As at 1st April, 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
Depreciation/Amortization for the year	0.35	-	470.63	5,210.47	71.16	222.84	55.06	6,030.51
Deductions	-	-	-	47.61	-	72.60	0.12	120.33
As at 31st March, 2018	1.05	-	1,191.30	15,005.32	235.43	359.22	183.79	16,976.11
Net Block								
As at 31st March, 2018	26.55	2,999.14	9,254.04	30,474.58	196.26	1,336.77	164.36	44,451.70
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

Buildings includes ₹ 47.80 Lacs (31st March, 2017 ₹ 47.80 Lacs) representing cost of unquoted fully paid shares held in co-operative housing societies.

Cost of the Property, Plant and Equipment includes carrying value recognised as deemed cost as of 1st April 2015, measured as per previous GAAP and cost of subsequent additions.

(b) Intangible Assets (₹ in Lacs)

Particulars	Software
Cost	
As at 1st April, 2016	167.08
Additions	-
As at 31st March, 2017	167.08
Additions	54.37
As at 31st March, 2018	221.45
Amortisation and Impairment	
As at 1st April, 2016	72.43
Amortisation for the year	32.25
As at 31st March, 2017	104.68
Amortisation for the year	30.68
As at 31st March, 2018	135.36
Net Block	
As at 31st March, 2018	86.09
As at 31st March, 2017	62.40

Cost of the Intangible assets includes carrying value recognised as deemed cost as of 1st April 2015, measured as per previous GAAP and cost of subsequent additions.

(c) Capital work-in-progress

Particulars	(₹ in Lacs)
As at 31st March, 2018	4,690.61
As at 31st March, 2017	3,830.93

Notes to Standalone Financial Statements
for the year ended 31st March, 2018

(₹ in Lacs)

Note No.	Particulars	As at 31-03-2018	As at 31-03-2017
4	**FINANCIAL ASSETS**		
	Investments		
	Trade Investments (at Cost)		
	Investment in unquoted Equity Shares of Subsidiary Company	6.08	6.08
	10,000 (31st March, 2017-10,000) Equity Shares of USD 1 each fully paid-up in Ratnamani Inc, USA		
	Non-Trade Investments		
	Investments in Mutual Funds (Quoted) (at fair value through profit and loss)		
	Nil (31st March, 2017-2,12,26,803.084) Units of ₹ 10 each in SBI Short Term Debt Fund-Direct Plan- Growth	-	4,082.17
	Nil (31st March, 2017-49,378.787) L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan	-	500.15
	Nil (31st March, 2017-279,168.56) SBI-Premier Liquid Fund Daily Dividend Option	-	2,800.76
	Other unquoted investments in Government Securities (At Amortised cost)		
	National saving certificates	0.06	0.11
		6.14	7,389.27
	Current	0.06	7,383.08
	Non-Current	6.08	6.19
		6.14	7,389.27
	Aggregate book value of Unquoted Investments	6.14	6.19
	Aggregate book value of Quoted Mutual Funds	-	7,383.08
		6.14	7,389.27
	Loans (Unsecured, Considered Good)		
	Loans to employees	43.61	30.86
		43.61	30.86
	Current	26.01	21.60
	Non-Current	17.60	9.26
		43.61	30.86
	Other Financial Assets		
	Interest accrued	12.79	63.76
	Security deposits	454.21	573.19
	Derivative receivables	4.51	-
	Others	25.27	31.71
		496.78	668.66
	Current	417.42	270.96
	Non-Current	79.36	397.70
		496.78	668.66

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 (refer note-32.1)

Fair value hierarchy disclosures for investment (refer note-32.2)

For Financial instruments risk management objectives and policies (refer note-33)

Notes to Standalone Financial Statements
for the year ended 31st March, 2018

(₹ in Lacs)

Note No.	Particulars	As at 31-03-2018	As at 31-03-2017
5	**INVENTORIES**		
	Raw materials		
	Raw materials and components	26,233.05	13,553.77
	Raw materials in transit	6,363.74	5,671.98
	Work-in-progress	21,097.83	12,252.31
	Finished goods		
	Finished goods	1,186.33	389.54
	Finished goods in transit	60.60	222.00
	Scrap	1.87	6.12
	Stores and spares	2,456.18	1,814.11
		57,399.60	33,909.83

(₹ in Lacs)

		As at 31-03-2018	As at 31-03-2017
6	**TRADE RECEIVABLES**		
	Trade receivables		
	Secured, considered good	24,895.91	18,092.22
	Unsecured, considered good	30,817.38	24,354.89
	Unsecured, considered doubtful	213.73	147.57
	Receivables from related parties, unsecured, considered good (refer note-29)	105.17	74.32
	Total	56,032.19	42,669.00
	Less: Allowance for doubtful debts	213.73	147.57
		55,818.46	42,521.43

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 31-03-2018	Year ended 31-03-2017
Balance at the beginning of the year	147.57	93.55
Add: Allowance for the year	163.48	108.75
(Less): Utilised against write off (net of recovery)	(97.32)	(54.73)
Balance at the end of the year	213.73	147.57

For terms and conditions relating to related party receivables, refer note-29.

(₹ in Lacs)

		As at 31-03-2018	As at 31-03-2017
7	**CASH AND CASH EQUIVALENTS**		
	Balances with Banks		
	In Current accounts	326.95	1,358.40
	Unpaid dividend accounts	110.77	97.44
	Cash on hand	18.79	13.25
		456.51	1,469.09

Notes to Standalone Financial Statements
for the year ended 31st March, 2018

(₹ in Lacs)

Note No.	Particulars	As at 31-03-2018	As at 31-03-2017
8	OTHER ASSETS		
	Capital advances	1,033.45	855.04
	Investment in silver	0.84	0.84
	Prepaid expense	335.36	172.85
	Advance receivable in cash or kind		
	Advance for material	4,727.81	1,034.07
	Excise / GST claim receivables	1,248.82	783.95
	DEPB / Export licenses	531.97	272.89
	Balances with government authorities	2,610.75	2,668.27
	Export benefits receivable	44.05	36.80
	Wind-Mill surplus receivable	92.13	120.81
	Others	286.67	403.99
		9,542.20	5,320.78
		10,911.85	6,349.51
	Non-Current tax assets (net)	280.50	315.61
		11,192.35	6,665.12
	Current	9,857.56	5,473.63
	Non-Current	1,334.79	1,191.49
		11,192.35	6,665.12

		EQUITY SHARES	
		No. in Lacs	₹ in Lacs
9	SHARE CAPITAL		
	Authorised Share Capital		
	As at 1st April, 2016	750.00	1,500.00
	Increase/(decrease) during the year	-	-
	As at 31st March, 2017	750.00	1,500.00
	Increase/(decrease) during the year	-	-
	As at 31st March, 2018	**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 2017-18, the Company has proposed dividend of ₹ 6.00 per share to equity shareholder (declared in the previous financial year 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, 2016	467.28	934.56
Increase/(decrease) during the year	-	-
As at 31st March, 2017	467.28	934.56
Increase/(decrease) during the year	-	-
As at 31st March, 2018	**467.28**	**934.56**

Details of Shareholders holding more than 5% Equity Shares in the Company

	As at 31-03-2018		As at 31-03-2017	
Name of the Shareholder	No. of Shares	% held	No. of Shares	% held
Prakash M. Sanghvi	7,186,385	15.38%	5,426,690	11.61%
Nalanda India Fund Limited	3,604,155	7.71%	3,906,664	8.36%
Jayanti M. Sanghvi	3,861,195	8.26%	3,861,195	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.

(₹ in Lacs)

Note No.	Particulars	Amount
10	**OTHER EQUITY**	
	Securities Premium	
	As at 1st April, 2016	2,279.06
	Increase/(decrease) during the year	-
	As at 31st March, 2017	2,279.06
	Increase/(decrease) during the year	-
	As at 31st March, 2018	2,279.06
	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.	
	OTHER RESERVES	
	Capital Reserve	
	As at 1st April, 2016	490.04
	Increase/(decrease) during the year	-
	As at 31st March, 2017	490.04
	Increase/(decrease) during the year	-
	As at 31st March, 2018	490.04
	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.	
	Amalgamation Reserve	
	As at 1st April, 2016	392.11
	Increase/(decrease) during the year	-
	As at 31st March, 2017	392.11
	Increase/(decrease) during the year	-
	As at 31st March, 2018	392.11
	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.	
	General Reserve	
	As at 1st April, 2016	72,625.16
	Increase/(decrease) during the year	-
	As at 31st March, 2017	72,625.16
	Increase/(decrease) during the year	-
	As at 31st March, 2018	72,625.16
	Retained Earnings	
	As at 1st April, 2016	27,689.22
	Profit for the year	14,429.91
	Other Comprehensive Income (Re-measurement loss on defined benefit plans, net of tax)	(145.90)
	As at 31st March, 2017	41,973.23

Notes to Standalone Financial Statements
for the year ended 31st March, 2018

Profit for the year	15,178.81
Other Comprehensive Income (Re-measurement gain on defined benefit plans, net of tax)	21.98
Cash Dividend	(2,570.04)
Dividend Distribution Tax	(523.20)
As at 31st March, 2018	54,080.78
Total Other Equity	129,867.15

Distribution made and proposed (₹ in Lacs)

	As at 31-03-2018	As at 31-03-2017
Cash dividend on equity shares declared and paid		
Final dividend for the year ended 31st March, 2017: ₹ 5.50 per share (for the year ended 31st March, 2016: ₹ Nil per share)	2,570.04	-
Dividend distribution tax	523.20	-
	3,093.24	-
Proposed dividend on equity shares		
Final dividend for the year ended 31st March, 2018: ₹ 6.00 per share (for the year ended 31st March, 2017: ₹ 5.50 per share)	2,803.68	2,570.04
Dividend distribution tax	570.76	523.20
	3,374.44	3,093.24
	6,467.68	3,093.24

Proposed dividend 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 31-03-2018	As at 31-03-2017
11	**BORROWINGS**		
	Short term Borrowings		
	Cash credit/export packing credit facilities (secured)(refer note-a)	2,891.38	-
	Short term loan from banks (unsecured) (refer note-b)	5,000.00	-
		7,891.38	-
	Total Borrowings	7,891.38	-
	Current	7,891.38	-
	Non-Current	-	-
		7,891.38	-

a Short term Borrowings - Cash credit/export packing credit facilities 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/ 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.

b Short term loans from banks are secured by personal guarantee of Sh. Prakash. M. Sanghvi, Chairman and Managing Director of the Company.

(₹ in Lacs)

Note No.	Particulars	As at 31-03-2018	As at 31-03-2017
12	**INCOME TAX**		
	The major component of income tax expense for the years ended 31st March, 2018 and 31st March, 2017 are :		
	Statement of Profit and Loss		
	Current tax		
	Current income tax	8,042.79	6,371.83
	Tax in respect of earlier years	3.00	(152.19)
	Deferred tax		
	Deferred tax expense/(benefit)	(436.53)	(103.97)
	Income tax expense reported in the Statement of Profit and Loss	7,609.26	6,115.67
	Other comprehensive income (OCI)		
	Tax related to items recognised in OCI during the year		
	Re-measurement gain / (loss) on defined benefit plans	(11.64)	77.21
	Tax credited to OCI	(11.64)	77.21

a) **Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended 31st March, 2018 and 31st March, 2017:**

(₹ in Lacs)

Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
Accounting profit before tax	22,788.07	20,545.58
Enacted income tax rate in India applicable to the Company	34.608%	34.608%
Tax using the Company's domestic tax rate	7,886.50	7,110.41
Tax effects of :		
Exempt income	(101.84)	(58.11)
Deduction under chapter VIA	(483.66)	(619.52)
Income tax allowances	-	(215.98)
Non-deductible expenses	163.10	86.05
Short/(Excess) provision for current tax of earlier years	3.00	(152.19)
Others	142.16	(34.99)
At the effective income tax rate of 31st March, 2018: 33.39% (31st March, 2017: 29.77%)	7,609.26	6,115.67

(b) **Deferred Tax**

(₹ in Lacs)

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at 31-03-2018	As at 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2017
Liability on accelerated depreciation for tax purpose	4,516.90	4,822.02	(305.12)	(70.88)
Asset on expenses allowed in year of payment	(223.69)	(92.42)	(131.27)	(2.05)
Other adjustments	(4.11)	(3.97)	(0.14)	(31.04)
	4,289.10	4,725.63	(436.53)	(103.97)

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, 2018, 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.

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in Lacs)

Note No.	Particulars	As at 31-03-2018	As at 31-03-2017
13	**TRADE PAYABLES**		
	Dues to micro, small and medium enterprises	-	-
	Dues to others	19,277.07	11,632.30
		19,277.07	11,632.30

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)

		As at 31-03-2018	As at 31-03-2017
14	**OTHER CURRENT FINANCIAL LIABILITIES**		
	Interest accrued but not due	22.35	-
	Payables in respect of capital goods	538.20	688.29
	Unpaid dividend#	110.77	97.44
	Security deposits from employees	-	0.72
		671.32	786.45

not due for credit to "Investors Education and Protection Fund"

Fair value disclosures for financial liabilities (refer note-32.1)

(₹ in Lacs)

		As at 31-03-2018	As at 31-03-2017
15	**OTHER CURRENT LIABILITIES**		
	Interest free advances from customers	8,676.47	3,121.64
	Statutory dues payable	1,044.88	880.43
	Other miscellaneous liabilities	155.40	125.95
		9,876.75	4,128.02

(₹ in Lacs)

		As at 31-03-2018	As at 31-03-2017
16	**PROVISIONS**		
	Provision for employee benefits		
	Compensated absences	240.02	290.57
	Gratuity (refer note-25)	124.97	358.64
		364.99	649.21
	Current	364.99	568.18
	Non-Current	-	81.03
		364.99	649.21

(₹ in Lacs)

		As at 31-03-2018	As at 31-03-2017
17	**CURRENT TAX LIABILITIES**		
	Provision for Income tax (net of advance tax)	1,469.53	680.26
		1,469.53	680.26

(₹ in Lacs)

Note No.	Particulars	Year ended 31-03-2018	Year ended 31-03-2017
18	**REVENUE FROM OPERATIONS**		
	Sale of Products (including excise duty)		
	Finished goods	170,087.58	141,123.87
	Traded goods	-	592.32
	Total Sale of products	170,087.58	141,716.19
	Sale of Power generated from Wind Mills	555.44	828.94
	Sale of Services		
	Sale of services	2,934.60	1,144.38
	Other operating revenue		
	Scrap sales	3,751.07	3,063.37
	Others	1,651.91	852.32
		5,402.98	3,915.69
	Total Revenue from operations	178,980.60	147,605.20

(₹ in Lacs)

		Year ended 31-03-2018	Year ended 31-03-2017
19	**OTHER INCOME**		
	Interest income on		
	Inter corporate deposits	15.53	456.22
	Bank deposits	2.79	0.42
	Others	1,210.67	444.93
	Other non-operating income		
	Fair value gain on financial instruments at fair value through profit and loss	121.44	216.93
	Profit on Sale/Discard/Reduction in value of fixed assets (net)	17.15	-
	Bad debts recovered	3.61	-
	Sundry balances written back	224.02	0.40
	Dividend income on current investments	294.28	167.92
	Foreign exchange fluctuation (net)	1,310.64	12.59
	Miscellaneous income	42.16	100.83
		3,242.29	1,400.24

(₹ in Lacs)

		Year ended 31-03-2018	Year ended 31-03-2017
20	**COST OF RAW MATERIAL CONSUMED AND COMPONENTS CONSUMED**		
	Opening inventory	19,225.75	18,675.39
	Add: Purchases	136,917.24	91,857.74
		156,142.99	110,533.13
	Less: Closing inventory	32,596.79	19,225.75
	Cost of raw materials and components consumed	123,546.20	91,307.38

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in Lacs)

Note No.	Particulars	Year ended 31-03-2018	Year ended 31-03-2017
21	**(INCREASE)/DECREASE IN INVENTORY**		
	Inventories at the end of the year		
	Work in process	21,097.83	12,252.31
	Finished goods	1,246.93	611.54
	Scrap	1.87	6.12
		22,346.63	12,869.97
	Inventories at the beginning of the year		
	Work in process	12,252.31	7,531.77
	Finished goods	611.54	1,493.14
	Scrap	6.12	3.22
		12,869.97	9,028.13
	(Increase)/Decrease In Inventory		
	Work in process	(8,845.52)	(4,720.54)
	Finished goods	(635.39)	881.60
	Scrap	4.25	(2.90)
		(9,476.66)	(3,841.84)

(₹ in Lacs)

		Year ended 31-03-2018	Year ended 31-03-2017
22	**EMPLOYEE BENEFITS**		
	Salaries, wages and bonus	9,385.09	8,417.60
	Contribution to provident and other funds	626.08	587.81
	Gratuity expense (refer note-25)	160.22	136.64
	Staff welfare expenses	746.12	639.64
		10,917.51	9,781.69

(₹ in Lacs)

		Year ended 31-03-2018	Year ended 31-03-2017
23	**FINANCE COST**		
	Interest on debts and borrowings	517.74	370.24
	Interest on income tax	40.00	42.59
	Interest others	101.07	1.74
	Bank charges	327.25	192.27
		986.06	606.84

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in Lacs)

Note No.	Particulars	Year ended 31-03-2018	Year ended 31-03-2017
24	**OTHER EXPENSE**		
	Consumption of stores & spares	5,009.14	4,065.74
	Freight & transport charges	7,372.66	4,058.70
	Power & fuel	3,432.19	2,192.45
	Labour & processing charges	4,540.73	3,652.65
	Repairs and maintenance:		
	Plant and machineries	730.32	563.52
	Buildings	228.43	69.53
	Others	79.25	98.14
	Quality control	66.60	121.02
	Legal & consultancy charges	337.19	279.16
	Travelling & conveyance expenses	432.65	457.87
	Insurance	309.73	316.20
	Rent	117.68	134.22
	Rates & taxes	280.06	126.08
	Auditors' remuneration (refer note-a)	34.75	45.83
	Advertisement & other expenses	82.74	85.92
	Sales commission	648.71	169.81
	Loss on Sale/Discard/Reduction in value of fixed assets (net)	-	13.78
	Increase/(Decrease) in excise duty on inventory	(43.96)	(95.66)
	Provision for doubtful debts	163.48	108.75
	Bad debts written off	97.32	54.73
	Provision for doubtful debts utilised	(97.32)	(54.73)
	Charity and donations (refer note-b)	202.66	207.55
	Directors' sitting fees	6.97	7.14
	Miscellaneous expenses (refer note-b)	1,063.40	934.23
		25,095.38	17,612.63
	(a) Payments to Joint Auditors		
	As Auditors:		
	Audit Fee	23.00	30.50
	Limited Review	7.65	7.95
	Other Services	3.00	4.50
		33.65	42.95
	In other capacity:		
	Taxation matters	-	1.80
	Certification	0.35	0.73
	Reimbursement of expenses	0.75	0.35
		1.10	2.88
		34.75	45.83
	(b) Other expenses include ₹ 228.60 Lacs (P.Y. ₹ 230.59 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	464.76	468.46
	2. Amount spent during the year:		
	i) Construction/acquisition of any asset	180.00	210.23
	ii) On purposes other than (i) above	48.60	20.36
		228.60	230.59
	3. Amount unspent during the year:	236.16	237.87
		236.16	237.87
		464.76	468.46

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

25 EMPLOYEE BENEFITS EXPENSE

A. Defined contribution plans:

Amount of ₹ 626.08 Lacs (31st March, 2017: ₹ 587.81 Lacs) is recognised as expenses and included in note no. 22 "Employee benefits expense".

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Provident fund	278.44	268.33
Contributory pension scheme	190.63	177.49
Superannuation fund	156.42	141.62
Gujarat Labour welfare fund	0.59	0.37
	626.08	587.81

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. The Company's gratuity plan is funded with Life Insurance Corporation of India.

31st March, 2018 : 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					
	1st April, 2017	Service cost	Net interest expense	Sub-total included in Statement of Profit and Loss (note 22)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjust-ments	Sub-total included in OCI	Contri-butions by employer	31st March, 2018
Gratuity											
Defined benefit obligation	2,175.32	133.90	159.66	293.56	(76.73)	-	(105.14)	82.34	(22.80)	-	2,369.35
Fair value of plan assets	1,816.68	-	133.34	133.34	(76.73)	(10.82)	-	-	(10.82)	360.27	2,244.38
Benefit liability	358.64	133.90	26.32	160.22	-	10.82	(105.14)	13.95	(33.62)	(360.27)	124.97
Total benefit liability	358.64	133.90	26.32	160.22	-	10.82	(105.14)	13.95	(33.62)	(360.27)	124.97

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					
	1st April, 2016	Service cost	Net interest expense	Sub-total included in Statement of Profit and Loss (note 22)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjust-ments	Sub-total included in OCI	Contri-butions by employer	31st March, 2017
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	13.91	223.11	(70.25)	358.64
Total benefit liability	69.14	130.85	5.79	136.64	-	(23.35)	185.85	13.91	223.11	(70.25)	358.64

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	As at 31-03-2018 (₹ in Lacs)	As at 31-03-2017 (₹ in Lacs)
Insurance funds	2,244.38	1,816.68
(%) 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 31-03-2018	Year Ended 31-03-2017
Discount rate	7.85%	7.34%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	7.85%	7.34%
Employee turnover rate	2.00%	2.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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 (increase) / decrease in defined benefit obligation (Impact)

Particulars	Sensitivity level	As at 31-03-2018 (₹ in Lacs)	As at 31-03-2017 (₹ in Lacs)
Discount rate	1% increase	(182.26)	(179.28)
	1% decrease	215.05	212.83
Salary increase	1% increase	212.58	209.30
	1% decrease	(183.59)	(179.80)
Employee turnover	1% increase	(3.77)	(12.20)
	1% decrease	4.14	13.79

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	As at 31-03-2018 (₹ in Lacs)	As at 31-03-2017 (₹ in Lacs)
Within the next 12 months (next annual reporting period)	561.23	509.14
Between 2 and 5 years	353.28	276.22
Beyond 5 years	936.80	823.83
Total expected payments	1,851.31	1,609.19

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	As at 31-03-2018 (Years)	As at 31-03-2017 (Years)
Gratuity	17	17

The followings are the expected contributions to planned assets for the next year:

Particulars	As at 31-03-2018 (₹ in Lacs)	As at 31-03-2017 (₹ in Lacs)
Gratuity	284.73	277.61

26 COMMITMENTS AND CONTINGENCIES

a. Contingent Liabilities

(₹ in Lacs)

Sr. No.	Particulars	As at 31-03-2018	As at 31-03-2017
a)	Bill discounted and not matured	9,838.43	-
b)	ESI liability (excluding interest leviable, if any)	360.10	322.31
c)	Disputed statutory claims/levies for which the Company has preferred appeal in respect of (excluding interest leviable, if any):		
	- Income tax	0.60	278.70
	- Excise/Custom duty (note-i)	3,360.65	3,282.17

note-(i) Excise/Custom duty demand comprise various demands from the Excise/Custom Authorities for payment of ₹ 3,360.65 Lacs (31st March, 2017 ₹ 3,282.17 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 ₹ 15,860.42 Lacs (31st March, 2017 ₹ 1,004.31 Lacs).

27 The Company has incurred premium expenses of ₹ 138.41 Lacs (31st March, 2017 ₹ 140.21 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.

28 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.

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.

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

Summary of segment information is given below:

Primary Reportable Segment (Business Segment)

(₹ in Lacs)

Particulars	Steel Tubes and Pipes	Windmill	Adjustments & Elimination	Total
Revenue				
External sales	**178,425.16**	**555.44**	**-**	**178,980.60**
	(146,776.26)	(828.94)	-	(147,605.20)
Inter segment revenue	**-**	**1,518.20**	**(1,518.20)**	**-**
	-	(1,530.02)	(1,530.02)	-
Total revenue	**178,425.16**	**2,073.64**	**(1,518.20)**	**178,980.60**
	(146,776.26)	(2,358.96)	(1,530.02)	(147,605.20)
Results				
Segment results before interest and finance costs	**21,268.04**	**861.38**	**-**	**22,129.42**
	(18,669.63)	(1,196.37)	-	(19,866.00)
Interest & dividend income & fair value gain on financial instruments at fair value through profit and loss			**-**	**1,644.71**
			-	(1,286.42)
Interest and finance costs			**-**	**986.06**
			-	(606.84)
Net profit before tax			**-**	**22,788.07**
			-	(20,545.58)
Other information				
Segment assets	**165,689.24**	**8,541.57**	**-**	**174,230.81**
	(124,108.69)	(9,320.42)	-	(133,429.11)
Unallocable assets			**-**	**411.04**
			-	(7,866.92)
Total assets	**165,689.24**	**8,541.57**	**-**	**174,641.85**
	(124,108.69)	(9,320.42)	-	(141,296.03)
Segment liabilities	**29,990.90**	**66.11**	**-**	**30,057.01**
	(17,006.71)	(91.83)	-	(17,098.54)
Unallocated liabilities and provisions			**-**	**13,783.13**
			-	(5,503.33)
Total liabilities	**29,990.90**	**66.11**	**-**	**43,840.14**
	(17,006.71)	(91.83)	-	(22,601.87)
Segment depreciation	**5,313.90**	**747.29**	**-**	**6,061.19**
	(5,222.56)	(747.29)	-	(5,969.85)
Capital expenditure:				
Tangible fixed assets	**5,834.65**	**-**	**-**	**5,834.65**
	(6,229.27)	-	-	(6,229.27)
Intangible assets	**54.37**	**-**	**-**	**54.37**
	-	-	-	-

Note: Figures in brackets represent previous year's amount.

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

Secondary Reportable Segment (Geographical by Customers)

(₹ in Lacs)

Particulars	In India	Outside India	Total
Segment Revenue			
2017-18	133,270.20	45,710.40	178,980.60
2016-17	(121,444.96)	(26,160.24)	(147,605.20)
Segment Assets			
As at 31st March, 2018	161,326.05	13,315.80	174,641.85
As at 31st March, 2017	(137,223.60)	(4,072.43)	(141,296.03)

Revenue from one customer amounted to ₹ 27,931.98 Lacs (31st March, 2017: ₹ 48,947.90 Lacs), arising from sales in the Steel Tubes and Pipes segment.

29 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 – Wholetime Director

Mr. Shanti M. Sanghvi – Wholetime 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.

Shree Mahavir Education Trust.

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	2017-18	2016-17
Rent Expense		
Ratnamani Food Products Private Ltd.	17.42	17.42
Ratnamani Marketing Private Ltd.	20.03	20.81
Reimbursement of Expense (Received)		
Ratnamani Healthcare Private Ltd.	-	0.66
Other Purchases		
Ratnamani Healthcare Private Ltd.	3.59	-
Sales		
Ratnamani INC., USA	-	623.33
Donation		
Shree Mahavir Education Trust.	180.00	185.00
Remuneration		
Mr. Prakash M. Sanghvi	166.88	153.83
Mr. Jayanti M. Sanghvi	129.04	117.79
Mr. Shanti M. Sanghvi	108.21	97.97
Mr. Manoj P. Sanghvi	72.88	80.12
Mr. Prashant J. Sanghvi	62.02	68.44
Mr. Nilesh P. Sanghvi	52.14	57.57
Mr. Jigar P. Sanghvi	25.57	27.44
Mr. Yash S. Sanghvi	6.34	1.69
Commission		
Mr. Prakash M. Sanghvi	850.00	725.00
Mr. Jayanti M. Sanghvi	510.00	435.00
Mr. Shanti M. Sanghvi	340.00	290.00
Sitting Fees		
Mr. Divyabhash C. Anjaria – Director	2.21	2.04
Mr. Pravinchandra M. Mehta – Director	1.70	1.36
Dr. Vinod M. Agrawal – Director	1.70	2.04
Smt. Nidhi G. Gadhecha – Director	1.36	1.70

Outstanding as at year end	As at 31-03-2018	As at 31-03-2017
Receivable		
Comfit Valves Private Limited.	4.88	4.61
Ratnamani Techno Casts Pvt. Ltd.	100.29	69.71
Payable		
Mr. Prakash M. Sanghvi	857.19	733.81
Mr. Jayanti M. Sanghvi	514.94	439.39
Mr. Shanti M. Sanghvi	344.36	294.50
Mr. Manoj P. Sanghvi	0.38	1.97
Mr. Prashant J. Sanghvi	1.48	1.70
Mr. Nilesh P. Sanghvi	0.79	1.46
Mr. Jigar P. Sanghvi	0.86	0.93
Mr. Yash S. Sanghvi	0.05	0.20

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 Standalone Financial Statements

for the year ended 31st March, 2018

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 2018 the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March 2017: ₹ 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.

30 Earnings Per Share (EPS):

(₹ in Lacs)

Particulars		2017-18	2016-17
Profit for the year	**(₹ in Lacs)**	15,178.81	14,429.91
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)	(₹)	32.48	30.88
Nominal value of shares	(₹)	2.00	2.00

31 Derivative instruments at year end:

Sr. No.	Particulars	31-03-2018 Amount (₹ In Lacs)	31-03-2018 Foreign Currency (In Lacs)	31-03-2017 Amount (₹ In Lacs)	31-03-2017 Foreign Currency (In Lacs)	Purpose
1	Forward contracts (USD purchase)	328.02	USD 5.00	-	-	Hedge of highly probable foreign currency purchase

32 Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management

32.1 Category-wise Classification of Financial Instruments:

(₹ in Lacs)

Particulars	Refer Note	As at 31-03-2018		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Investments in unquoted equity shares of subsidiary company	4	-	6.08	6.08
Investments in unquoted Government securities	4	-	0.06	0.06
Trade receivables	6	-	55,818.46	55,818.46
Cash and cash equivalents	7	-	456.51	456.51
Loans	4	-	43.61	43.61
Other financial assets	4	-	496.78	496.78
Total		-	56,821.50	56,821.50
Financial liabilities				
Borrowings	11	-	7,891.38	7,891.38
Trade payables	13	-	19,277.07	19,277.07
Other financial liabilities	14	-	671.32	671.32
Total		-	27,839.77	27,839.77

(₹ in Lacs)

Particulars	Refer Note	As at 31-03-2017 Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
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
Total		7,383.08	44,696.23	52,079.31
Financial liabilities				
Trade payables	13	-	11,632.30	11,632.30
Other financial liabilities	14	-	786.45	786.45
Total		-	12,418.75	12,418.75

32.2 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 31-03-2018		As at 31-03-2017	
	Significant observable Inputs (Level 1)	Total	Significant observable Inputs (Level 1)	Total
Financial Assets				
Investments in quoted mutual funds (measured at FVTPL) (refer note-4)	-	-	7,383.08	7,383.08

(b) Financial Instruments 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.

33 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise borrowings and trade and 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 and short-term deposits that derive directly from its operations.

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.

Notes to Standalone Financial Statements
for the year ended 31st March, 2018

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 unhedged foreign currency denominated monetary items are as follows: (₹ in Lacs)

Currency	Liabilities		Assets	
	As at 31-03-2018	As at 31-03-2017	As at 31-03-2018	As at 31-03-2017
USD	7,281.55	4,339.64	13,109.05	9,449.06
EURO	650.52	1,537.80	576.44	330.21
GBP	2.78	-	302.30	-

The above table represents total unhedged 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-31.

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.

(₹ in Lacs)

Particulars	Impact on Profit before tax		Impact on Pre-tax Equity	
	For the year ended		For the year ended	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
USD sensitivity				
RUPEES / USD – increase by 1%	58.15	51.04	58.15	51.04
RUPEES / USD – decrease by 1%	(58.15)	(51.04)	(58.15)	(51.04)

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 2018, the carrying value of such instruments recognised at FVTPL amounts to ₹ Nil Lacs (31st March 2017 ₹ 7,383.08 Lacs). 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, 2018, sales to a customer approximated ₹ 27,931.98 Lacs or 15.61 % of net revenue and during the year ended 31st March 2017, sales to such customer approximated ₹ 48,947.90 Lacs or 35.72 % of net revenue. Accounts receivable from such customer approximated ₹ 18,040.55 Lacs at 31st March, 2018 and ₹ 20,789.94 Lacs at 31st March, 2017. 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.

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 year	1 to 5 years	More than 5 year	Total
Year ended 31st March, 2018					
Interest bearing borrowings	2,891.38	5,000.00	-	-	7,891.38
Trade payables	-	19,277.07	-	-	19,277.07
Other financial liabilities	110.77	560.55	-	-	671.32
Year ended 31st March, 2017					
Interest bearing borrowings	-	-	-	-	-
Trade payables	-	11,632.30	-	-	11,632.30
Other financial liabilities	97.44	689.01	-	-	786.45

34 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, 2018, 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.

35 DISCLOSURE OF SIGNIFICANT INTEREST IN SUBSIDIARIES AS PER PARAGRAPH 17 OF IND AS 27

(₹ in Lacs)

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.

Notes to Standalone Financial Statements

for the year ended 31st March, 2018

36 CHANGES IN ACCOUNTING POLICIES AND DISCLOSUERS

New and amended standards and interpretations

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1st April, 2017. The nature and the impact of each amendment is described below:

Amendments to Ind AS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for both the current and the comparative period in Cash Flow Statement.

Standards issued but not yet effective

AS 115-Revenue from Contracts with Customers:

Ind AS 115 was notified on 28th March, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1st April, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

37 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 22nd May, 2018, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in these financial statements.

38 Figures of previous year's have been regrouped, wherever considered necessary to make them comparable to current year's figures.

As per our report of even date
For S R B C & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003
per SUKRUT MEHTA
Partner
Membership No. 101974

Place : Ahmedabad
Date : 22nd May, 2018

For Ratnamani Metals & Tubes Limited

P. M. SANGHVI
Chairman and Managing Director

J. M. SANGHVI
Whole Time Director

S. M. SANGHVI
Whole Time Director

D. C. ANJARIA
Director

DR. V. M. AGRAWAL
Director

P. M. MEHTA
Director

NIDHI GADHECHA
Director

VIMAL KATTA
Chief Financial Officer

JIGAR SHAH
Company Secretary