



**RMC SWITCHGEARS LIMITED**

**ANNUAL REPORT  
2016-17**

## **INDEX**

<b>S. NO.</b>	<b>CONTENTS</b>	<b>PAGE NO.</b>
	<b><i>MANAGEMENT REPORT:</i></b>	
<b>1</b>	<b>Chairman's Speech</b>	<b>1</b>
<b>2</b>	<b>Financial Highlights</b>	<b>2</b>
<b>3</b>	<b>Corporate Information</b>	<b>3</b>
<b>4</b>	<b>Director's Report</b>	<b>5</b>
<b>5</b>	<b>Management Discussion &amp; Analysis Report</b>	<b>33</b>
<b>6</b>	<b>Report on Corporate Governance</b>	<b>35</b>
	<b><i>FINANCIAL:</i></b>	
<b>7</b>	<b>Independent Auditor's Report</b>	<b>46</b>
<b>8</b>	<b>Balance Sheet</b>	<b>50</b>
<b>9</b>	<b>Statement of Profit &amp; Loss Account</b>	<b>51</b>
<b>10</b>	<b>Cash Flow Statement</b>	<b>52</b>
<b>11</b>	<b>Notes to the Financial Statement</b>	<b>54</b>

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance“ by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Reports can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail address, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to get their e-mail address registered with Link Intime India Private Limited, RTA of the Company.

### **23<sup>rd</sup> ANNUAL GENERAL MEETING**

**Friday, 29<sup>th</sup> September, 2017**

**Venue: 7 Km. from Chaksu, Khotkawda Road,  
Village Badodiya, Tehsil Chaksu, Tonk Road,  
Jaipur-303901 Rajasthan**



### My Fellow Members,

I am delighted to have the privilege of apprising you about RMC. I would like to begin with congratulating you all as your company completes 23 successful years in the Electrical Product Industry. I am pleased to share with you the 23<sup>rd</sup> Annual Report of your Company for the Financial Year 2016-17. The Financial year ended on March, 2017 was another successful year, This year your company came up with an Initial Public Offer (IPO) and obtained great response from investor and issues was oversubscribed by 20 times. Your Company got listed on SME platform of BSE on 14<sup>th</sup> March, 2017.

The aim is to recognize our accomplishments during the Financial Year 2016-17 and to share with you our outlook and plans for the future. I am gratified with the continued growth of market share in the arena of “Generation equipment” and “T&D equipment”. I am more excited about the pace and scale of execution that our Company is undertaking to fulfill our unwavering aim of creating long-term shareholder value. In a state of flux in the economies across the world, we maintained capability to demonstrate a strong performance on the strength of our in-house innovation and engineering capabilities with constant cost discipline. We closed the financial year 2016-17 on strong note with revenue and profit almost in line with our estimates. I am happy to inform that during this Year, the company made net profit Rs. 153.15 Lakh and last year net profit was Rs. 21.91 Lakh. This Year turnover of our company is Rs.5589.68 Lakh and last year turnover was 6074.76 Lakh; EBIDTA of your Company is Rs. 726.88 Lakh during the year.

India’s electrical equipment industry is highly diverse and manufactures a wide range of high and low technology products. The industry directly employs around half

million persons and provides indirect employment to another one million people. The industry can be broadly classified into two sectors – generation equipment and T&D equipment. Other electrical equipment, including instrument transformers, surge arrestors, stamping and lamination, insulators, insulating material, industrial electronics, indicating instruments, winding wires, etc., contributed to `25,000 crore (US\$ 5.2 billion).

In the Financial year 2017-18 your company apart from current manufacturing operation, took an important step in building one more pillar of its growth strategy by commencing new project for manufacturing of environmental friendly ***“Imitation Marble and Wooden Surfaces for walls and floors with production capacity of more than 20lakh Sq. Ft. of sheets/ profile per anum”*** in the same factory premises situated at Chaksu Jaipur.

We have strengthened our manufacturing capacity to cope with the changing market demand and upgrading the technology. With the experience of our Promoters & senior management we have been able to sustain and grow in the past. Our customer base includes many names from Indian private sector namely Larson & Toubro Limited, KEI Industries Limited, NCC Limited, IL&FS Engineering & Construction Co Ltd, BSES Ltd, IRCON Ltd, Drake & Scull Ltd, etc and state owned power utilities in the states of Rajasthan, Haryana, Uttar Pradesh, Madhya Pradesh, Punjab, Bihar, Karnataka, Gujarat, Uttaranchal and Assam. Our Company has also undertaken work under the Central funded schemes such as RGGVY and R-APDRP schemes as well as the State funded schemes such as Feeder Separation Schemes providing trouble free electricity to both urban and rural areas.

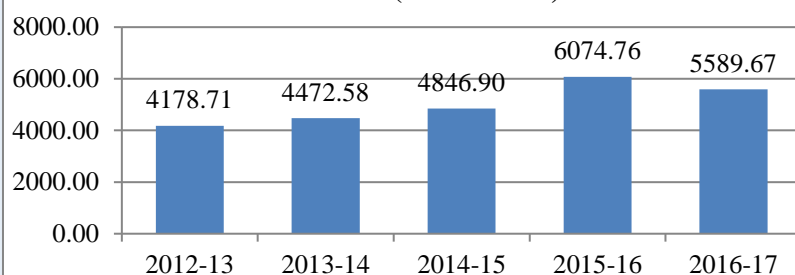
In the year ahead, the business environment will continue to remain challenging and competitive intensity is likely to remain high. With our purpose driven products, passionate employees and your continued support, I am confident that we will continue to deliver growth that is consistent, competitive, profitable and responsible. I would like to thank you, all our shareholders, for your trust and your wholehearted support and look forward to meeting all of you at the annual general meeting.

Thank you,

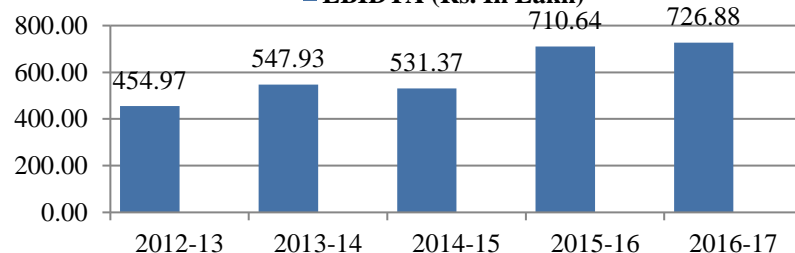
**Ashok Kumar Agarwal**  
**Chairman & Managing Director**

## FINANCIAL HIGHLIGHTS

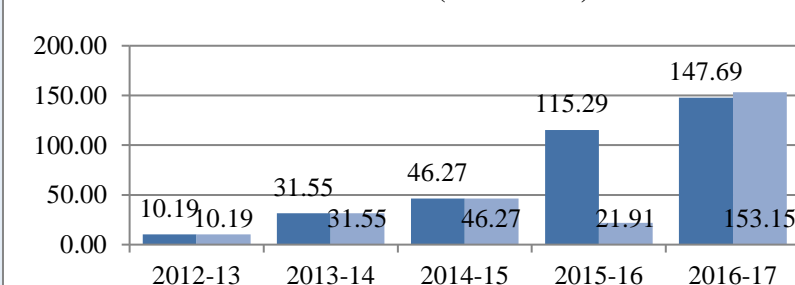
Gross Revenue (Rs. In Lakh)



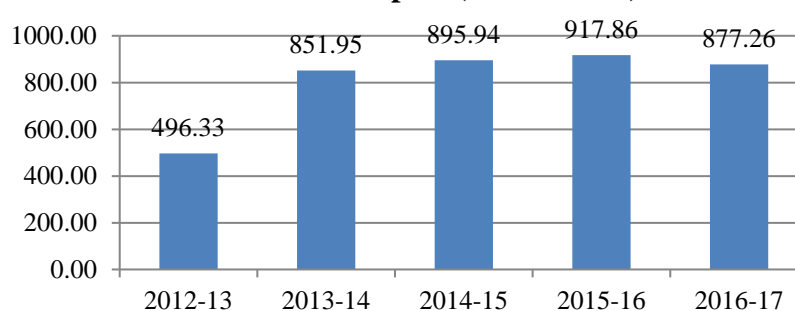
EBIDTA (Rs. In Lakh)



PBT PAT (Rs. In Lakh)



Reserve &amp; Surplus (Rs. In Lakh)



## CORPORATE INFORMATION

**Our Board of Directors & KMP****Mr. Ashok Kumar Agarwal**

Mr. Ashok Kumar Agarwal, aged 61 years, has been on Board since inception of the Company and currently holding the position as Chairman cum Managing Director. He has an overall experience of around 38 years out of which 20 years in the field of electrical industry is one of the Promoters of our Company. He is instrumental in taking major policy decisions of the Company. He is playing vital role in formulating business strategies and effective implementation of the same. He is responsible for the expansion and overall management of the business of our Company. His leadership abilities have been instrumental in leading the core team of our Company.

**Mr. Ankit Agrawal**

Mr. Ankit Agrawal, aged 35 years is the Whole Time Director of our Company. He has 18 years of rich experience in the field of electrical industry. He is entrusted with the responsibility to look after the marketing and production department of our Company. He has been instrumental in establishing the procurement & quality assurance standard for the Company. He is providing his learned guidance and mentoring the senior management of our Company to execute and implement future growth strategy.

**Mrs. Neha Agrawal**

Mrs. Neha Agrawal, aged 34 years is associated with the Company from 2016 as Director. She holds the degree of Bachelor of Business Administration from Eastern Institute for Integrated Learning in Management and have an overall experience of 3 Years in the electrical Industry. She currently looks after the overall administration of the Company.

**Mr. Suresh Kumar Jain**

In 2016, Company brought Mr. Suresh Kumar Jain, aged 59 Years on Board as Independent Director. He is having 34 years of experience in the field of Taxation and other Professional Services.

**Mr. Devi Shankar Goyal**

In 2016, Company brought Mr. Devi Shankar Goyal, aged 70 years on Board as Independent Director. He is having 26 years of experience in the field of Industrial Vastu Consultancy.

**Mrs. Radhika Agarwal**

Mrs. Radhika Agarwal, aged 39 years is associated with the Company from 2016 as Independent Director having an experience of in the field of Electrical equipment industry.

**Ms. Priyanka Gattani**

Ms. Priyanka Gattani, aged 26 years is Company Secretary and Compliance Officer of our Company. She is a qualified Company Secretary from Institute of Company Secretaries of India. She has experience of more than 2 year in the field of Secretarial Matters. She looks after the overall Corporate Governance and Secretarial matters of our Company.

**Mr. Shiv Charan Maheshwari**

Mr. Shiv Charan Maheshwari, aged 61 years is the Chief Financial Officer of our Company. He holds Bachelor Degree of Commerce, LLB, CAIIB, Certificate in Industrial Finance, Banking & Finance and Diploma in Management. He takes care of all accounts, banking, taxation and financial activities of our Company. He has 39 years of experience in his functional area and associated with us from 2016. He has been appointed as Chief Financial Officer of our Company in the year 2016.

**STATUTORY AUDITORS**

**Saraswat & Company**  
Chartered Accountants,  
B-5, Jaipur Tower,  
M. I. Road, Jaipur-302001  
Firm Registration No.: 004846C

**SECRETARIAL AUDITOR**

**Deepika Jain & Associates**  
Company Secretaries  
307, City Pearl, Sanjay Marg,  
Gopalbadi, Jaipur-01  
COP No. 16994

**REGISTRAR & SHARE TRANSFER AGENT**

**Link Intime India Private Limited**  
C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,  
Vikhroli (West) Mumbai Maharastra- 400083

**STOCK EXCHANGE**

**SME Platform of BSE**  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001

**INTERNAL AUDITORS**

**Ms. Ekta Gupta,**  
Chartered Accountants  
Village Post- Palawala Jatan,  
Teh: Bassi Dist: Jaipur 303301

**BANKERS**

**The Federal Bank Limited**  
C-98, Sanghi Upasana Tower,  
Subhash Marg, C-Scheme, Jaipur-01

**Punjab National Bank**  
Chandpole Bazar, Jaipur-01

**REGISTERED OFFICE**

7 Km. from Chaksu, Khotkawda Road,  
Village Badodiya, Tehsil Chaksu,  
Tonk Road, Jaipur -303901 Rajasthan

**CORPORATE OFFICE**

B-11 (B&C), Malviya Industrial Area,  
Jaipur-302017 Rajasthan

**OTHER DETAILS**

CIN: L27310RJ1994PLC008698  
E Mail ID: info@rmcindia.in  
: cs@rmcindia.in  
Website: www.rmcindia.in  
Contact No: 0141-4031516, 4400222



**CHAKSU PLANT**



## DIRECTORS' REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting the Twenty Third Annual Report of the Company on the business and operations of the Company together with the Audited financial accounts for the financial year ended on 31<sup>st</sup> March, 2017.

### 1. Financial Performance & Highlights

(Rs. in Lakh)

Particulars	March 31, 2017	March 31, 2016
Revenue From Operations (Gross)	5589.67	6,074.76
Less: Excise Duty	517.75	531.20
Revenue from operations (Net)	5071.92	5,543.56
Other Income	165.25	41.78
<b>Total Revenue</b>	<b>5237.17</b>	<b>5,585.34</b>
Profit before Depreciation, Interest and Tax Expenses	726.88	710.64
Less: Finance Cost	426.60	461.48
<b>Profit before Depreciation and Tax Expenses</b>	<b>300.28</b>	<b>249.16</b>
Less: Provision for Depreciation	152.59	133.87
<b>Net Profit before Tax</b>	<b>147.69</b>	<b>115.29</b>
Less: Deferred Tax	-5.46	93.38
<b>Net Profit after Tax</b>	<b>153.15</b>	<b>21.91</b>

### 2. Brief description of the Company's working during the year/State of Company's affair

The Company is engaged in the business of Manufacturing, LT/HT Distribution Boxes and Panels, Junction Boxes, Feeder Pillars and other Power Distribution and Circuit Protection Switchgears. There has been no change in the business of the Company during the financial year ended March 31, 2017. Your Company recorded a satisfactory performance despite challenging second half of the year. The second half of the year was challenging for businesses across the country due to demonetisation which weighed on the growth for initial few weeks. During this period, your Company reached out to customers in an unprecedented manner to assure support and help them navigate during this period of uncertainty. In the Meter/Distribution Boxes segment, your Company achieved consistent, competitive, profitable and responsible growth along with significant margin improvement.

Gross revenues decreased to Rs.5589.67 Lakh, against Rs. 6,074.76 Lakh in the previous year due to less supply order placed by the customers in spite of having good order book.

Profit before depreciation and taxation was Rs. 300.28 Lakh against Rs. 249.16 Lakh in the previous year and after providing for depreciation and taxation amounting Rs. 147.13 Lakh against Rs. 227.25 Lakh in the previous year, the net profit of the company for the year under review has increased to Rs. 153.15 Lakh as against Rs. 21.91 Lakh in the previous year. The year under review was a moderate one for the

company. Company has executed Turnkey Contracts in the F.Y. 2016-17 and this business contributed 7.55% in total gross turnover of company.

### 3. Dividend

To conserve the resources of the Company for its future growth, the Board of Directors of the Company have decided to plough back the profit into the business, therefore no dividend is recommended for the financial year 2016-2017.

### 4. Transfer to Reserves & Surplus

Your Directors do not propose to transfer any amount to the Reserve and transferred profit of Rs. 153.15 Lakh from profit and loss account to Surplus.

### 5. Share Capital & Unclaimed Shares

During the year under review, your Company's Authorised Share Capital has increased from Rs. 2,00,00,000 (Rupee Two Crore) to 6,50,00,000 (Rupees Six Crore and Fifty Lakh), in the duly convened EGM held on 08.06.2016, comprising 65,00,000 Equity Shares of 10/- each. Your Company has allotted 32,43,150 fully paid-up Bonus Shares of face value of Rs. 10/- each, in June, 2016 to the Shareholders of the Company in proportion of 3:1 and consequently the paid-up Share Capital got increased from 1,08,10,500 to 4,32,42,000. Further your Company's has allotted 15,36,000 shares (7,68,000 by way of Offer for sale +

7,68,000 by way of Fresh Issue) of face value of Rs. 10/- each at a issue price of Rs. 27 (including Rs. 17 as share premium) to the public in March, 2017 and consequently the paid-up share capital increased from 4,32,42,000 to 5,09,22,000.

During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2017, none of the directors of the Company hold instruments convertible into Equity Shares of the Company.

## 6. Credit Rating

During the year, CARE has upgraded the long-term Bank Facility rating from CARE BB- to CARE BB; and reaffirmed short-term Bank Facility rating at CARE A4 for RMC Switchgear Limited.

## 7. Director's & Key Managerial Personnel

In accordance with the provisions of section 149, 152 & Article 105 to 110 of Article of Association of the Company and other applicable provisions of the Companies Act, 2013, one third of the of Directors are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every AGM. Consequently Mrs. Neha Agrawal, Directors of the Company is liable to retire by rotation in the forthcoming Annual General Meeting and being eligible, offers herself for reappointment. The Board recommends their re-appointment for the consideration of Members of the Company at the ensuing Annual General Meeting. The details of Directors being recommended for reappointment as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company. Appropriate Resolution(s) seeking your approval to the appointment/re-appointment of Directors are also included in the Notice.

During the year under review, there is change in the Board of Directors & KMP of the Company as follow:

1. The Directors namely Mr. Chandra Prakash Agarwal, Mrs. Santosh Agrawal, Mr. Vitthal Das Agrawal has resigned, due to preoccupation, from the company w.e.f. 28.06.2016 and Neha Agrawal has been appointed as Additional Non Executive Director w.e.f 28.06.2016,
2. Key Managerial Personnel have been appointed, Mr. Shiv Charan Maheshwari as a Chief Financial Officer and Ms. Priyanka Gattani as a Company Secretary w.e.f. July 1, 2016
3. Mr. Ashok Kumar Agarwal, Managing Director of the company, in addition to being the Managing Director appointed as the Chairman of the Board, to hold office till his continuance on the Board as a Director at duly convened EGM on July 16, 2016

4. Mr. Devi Shankar Goyal, Mr. Suresh Kumar Jain and Mrs. Radhika Agarwal have been appointed as Additional Independent Non Executive Director w.e.f. August 1, 2016
5. Mrs. Neha Agrawal, appointed as Executive Director, Mr. Devi Shankar Goyal, Mr. Suresh Kumar Jain and Mrs. Radhika Agarwal have been appointed as Independent Directors, w.e.f. September 8, 2016

The following are the Key Managerial Personnel of the Company for the Financial Year 2016-17:

Sl. No.	Name of Person	Designation
1	Mr. Ashok Kumar Agarwal	Chairman & Managing Director
2	Mr. Ankit Agrawal	Whole Time Director
3	Mrs. Neha Agrawal	Executive Director
4	Mr. Shiv Charan Maheshwari	Chief Financial Officer
5	Ms. Priyanka Gattani	Company Secretary

## 8. Number of Meetings of the Board

The Board of the Company has met Twenty Three times and the details of the number of Meetings of the Board held during the financial year 2016-17 forms part of the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was also held on 31<sup>st</sup> March, 2017, without the presence of non-independent directors and members of the management, to review the performance of non independent directors and the Board as a whole, the performance of the Chairperson of the company and also to assess the quality, quantity and timeliness of flow of information between the company management and the Board.

## 9. Committees of the Board

The Board of Directors has the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder's Relationship Committee

The details of the Committees along with their composition, number of meetings and attendance at the Meetings are provided in the Corporate Governance Report.

## 10. Formal Annual Evaluation

Meeting the requirements of the statute and considering Board Performance Evaluation as an important step for a Board to transit to a higher level of performance, the



Nomination and Remuneration Committee has laid down a comprehensive framework for carrying out the evaluations prescribed in the Companies Act, 2013 and the Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The framework was developed to give all Board members an opportunity to evaluate and discuss the Board's performance openly from multiple perspectives and enhance governance practices within the Board. The framework describes the evaluation coverage and the process thereof.

### **Performance Evaluation of the Board and Committees**

In respect of the Financial Year ended 31st March, 2017, the Board conducted its self-evaluation, that of its Committees and all of its individual Members. Some of the parameters which were taken into account while conducting Board evaluation were: Leadership initiative, Initiative in terms of new ideas and planning for the Company, Professional skills, problem solving, and decision-making, Compliance with policies of the Company, ethics, code of conduct, etc. The evaluation of each of the Board Committees were done on parameters such as Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues etc.

### **Performance Evaluation of Non-Independent Directors**

The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors, considering aspects such as Attendance and participations in the Meetings, Raising of concerns to the Board, Safeguard of confidential information, Rendering independent, unbiased opinion and resolution of issues at meetings, Initiative in terms of new ideas and planning for the Company, Safeguarding interest of whistle-blowers under vigil mechanism etc.

### **Evaluation Outcome**

It was assessed that the Board as a whole together with each of its Committees was working effectively in performance of its key functions- effective in decision making, effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities, effective for identifying material risks and reporting material violations of policies and law etc.

The Board is kept well informed at all times through regular communication and meets once per quarter and more often during times of rapid growth or if Company needs merit additional oversight and guidance. Comprehensive agendas are sent to all the Board Members well in advance to help them prepare and keep the Meetings productive. The performance of the Chairman was evaluated satisfactory in the effective and efficient discharge of his role and responsibilities for the day to day

management of the business, in line with the strategy and long term objectives.

The Executive Directors and Non-executive Directors provided entrepreneurial leadership of the Company within a framework of prudent and effective controls, with a balanced focus on policy formulation and development of operational procedures. It was acknowledged that the management afforded sufficient insight to the Board in keeping it up-to-date with key business developments which was essential for each of the individual Directors to maintain and enhance their effectiveness. The policy on Board Performance Evaluation is appended in **Annexure-A** to the Directors Report.

### **11. Familiarisation Program for Directors**

The company had organized orientation program for newly appointed Independent Directors in the Board. The details are provided in the corporate governance report

### **12. Declaration by an Independent Director(s) and re-appointment, if any**

All Independent Directors have given declarations that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **13. Finance & Accounts**

Your Company prepares its Financial Statements in accordance with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and other accounting principles generally accepted in India. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner. The form and substance of transactions reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2017. Bank, Cash and cash equivalents as at March 31, 2017 was Rs. 310.99 lakh. The Company continues to focus on judicious management of its working capital, Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

### **14. Subsidiary Companies/Joint Venture/ Associates Company**

The Company does not have any Subsidiary/Joint Venture/Associates Company as on 31.03.2017

### **15. Auditor**

#### **(A) Statutory Auditor**

M/s. SARASWAT & COMPANY, Chartered Accountants, (FRN- 004846C) were appointed by the shareholders at the 21<sup>st</sup> Annual General Meeting to hold office until the

conclusion of the Annual General Meeting of the Company to be held in the Year 2020 subject to ratification by shareholders at each Annual General Meeting. The Company has obtained from the Auditors, a certificate as required under Section 139 of the Companies Act, 2013 to the effect that they are eligible to continue as Statutory Auditor of the Company.

As required by the provisions of the Companies Act, 2013, their appointment should be ratified by members each year at the AGM. M/s. SARASWAT & COMPANY has confirmed that ratification of their appointment, if made at the ensuing AGM, shall be in accordance with the conditions specified in the Act. Accordingly, requisite resolution forms part of the Notice convening the Annual General Meeting.

#### **(B) Secretarial Auditor**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Deepika Jain & Associates, a firm of Company Secretaries in Practice (CP No. 16994) to undertake the Secretarial Audit of the Company for the F.Y. 2016-17. As required under section 204 (1) of the Companies Act, 2013 The Secretarial Audit Report submitted by them in the prescribed form MR-3 is enclosed as **Annexure-B** and forms part of this report. The report is self-explanatory and do not call for any further comments.

#### **(C) Cost Auditors**

As per the requirement of the Central Government and pursuant to Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your company hereby confirms that your company need not required to appoint cost auditor for the financial year 2016-17. Further pursuant to provision of section 148(1) of the Companies Act, 2013, maintenance of cost record have been specified by Central Government and such account and record have been so made and maintained by the Company.

#### **(D) Internal Auditor:**

Pursuant to the provisions of Section 138 and any other applicable provisions of the Companies Act, 2013 and the rules made there under, Miss Ekta Gupta, Chartered Accountant (Membership No.430348) has been appointed as an Internal Auditor of the Company w.e.f. 17.04.2017

#### **16. Management explanation on Emphasis of matter mentioned in the Audited Accounts of the company:**

The Auditor has given Emphasis of Matter in its Audit Report and the Management's explanation for the same is given under Note No. 1(vi) (b) & 1(xiv) of notes on Financial Statements as under:

Note 1(vi) (b): Deferred Tax has been provided on the DTL (net of DTA) at the prevailing Income Tax Rates as prescribed under Income Tax Act, 1961. However, the tax

rate being used is as prescribed u/s 115JB of the Income Tax Act, 1961 (in place of regular rate i.e. 30%) in view of the availability of unabsorbed depreciation and MAT Credit for adjustment against future profits. Company was using regular rate of tax till the last financial year and had such rate been used for current FY also, the profit would had been lower by Rs. 45,26,876/- and Deferred Tax Liability would had been higher by the same amount.

Note 1(xiv): There was an incident of fire resulting in the partial / complete loss of a few items of Building, Plant & Machinery and Stock under process. Company has lodged a claim of Rs. 2.50 Crore against the estimated loss and the claim is under process as on 31/03/2017. Ascertainment of Loss/Gain on the claim is not possible as on 31/03/2017 and therefore the same would be accounted for as and when settled. However, company has deleted written down value of Building and Plant & Machinery to the extent of Rs. 66.26 Lacs and debited to the Insurance Company, pending determination of claim amount.

#### **17. Vigil Mechanism / Whistle Blower Policy**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, The Company has a vigil mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility. The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.rmcindia.in](http://www.rmcindia.in).

#### **18. Risk Management**

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. The risk management framework is reviewed periodically by the Board and the Audit Committee. Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the company should have developed and implemented Risk management policy for the Company including identification therein of elements of risk. Your Company has identified the following risks:

##### **(A) Commodity Price Risk**

Risk of price fluctuation on basic raw materials as well as finished goods used in the process of manufacturing. Your Company commands excellent business relationship with