



RICO AUTO INDUSTRIES LIMITED

FINANCIALS OF SUBSIDIARY COMPANIES FOR THE FY 2020-21

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary	% of Shares held on 31.03.2021
1.	Rico Investments Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U65923HR2015PLC054211	Subsidiary	97.73%
2.	AAN Engineering Industries Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U28112HR2010PLC039941	Subsidiary	100%
3.	Rico Auto Industries Inc., USA 6338, Sashabaw Road, Clarkston, Michigan 48346 USA	Foreign Company Registration No.: 510411449	Subsidiary	100%
4.	Rico Auto Industries (UK) Limited Unit 1, Lewis House, 99 Victoria Road, London - NW106DJ, UK	Foreign Company Registration No.: 04975219 (England and Wales)	Subsidiary	100%
5.	Rico Fluidtronics Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U29110HR2008PLC037708	Subsidiary	50.95%
6.	Rico Friction Technologies Private Limited (formerly Metalart Friction Pvt. Ltd.) 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U29100HR2018PTC073338	Subsidiary	70%
7.	Rasa Autocom Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U74120HR2007PLC037192	Step-down Subsidiary	100%
8.	Rico Aluminium and Ferrous Auto Components Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U34300HR2008PLC037956	Step-down Subsidiary	100%
9.	Rico Jinfei Wheels Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U34200HR2007PLC037021	Step-down Subsidiary	74.79%



INDEPENDENT AUDITOR'S REPORT

The Members of Rico Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Rico Investments Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the *Board's Report including Annexure to the*



Board's Report but does not include the financial statements and our auditor's report thereon. The report of the Board is expected to be made available to us after the date of the Auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibility of Management and those charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are



considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence,



and where applicable, related safeguards.

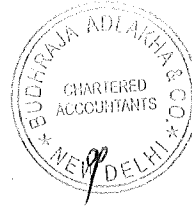
Report on Other Legal and Regulatory Requirements


1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure - A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company, refer to our separate Report in "Annexure B".
 - g) The remuneration paid by the company to its Directors is in accordance with the provisions of Section 197 of the Companies Act 2013 and is not in excess of the limits laid down under the aforesaid section.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. the Company, as detailed in note 22 to the financial statements, has disclosed the impact of pending litigations on financial positions as at 31st March 2021
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Budhraj Adlakha & CO.
Chartered Accountants
Firm's Reg. No.: 005154N




Nalin Kumar Budhraj
(Partner)
Memb. No.: 084310

Place: Gurugram
Date: 19th June 2021

UDIN: 21084310AAAA X4292

Annexure A to the Auditor's Report

Annexure referred to in paragraph 2 under the heading "Report on other legal and regulatory requirements" of our report of even date.

RE: RICO INVESTMENTS LIMITED

- i. The Company does not have any fixed assets, hence Para 3(i) of the order is not applicable.
- ii. The company is not having any Inventory, hence paragraph 3(ii) of the order is not applicable.
- iii. The Company has granted loans to three companies covered in the register maintained under section 189 of the Companies Act, 2013.
 - a. In our opinion, the terms and conditions on which the loans have been granted are not prejudicial to the interest of the Company.
 - b. The schedule of repayment of principal and payment of interest has been stipulated. Repayment of loan is regular except in couple of cases, where the amounts were received late, but was not overdue for more than 30 days.
 - c. There are no amounts which were overdue for more than 90 days.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The company has not accepted any deposits.
- vi. As explained to us, maintenance of Cost Records has not been specified by Central Government.
- vii.
 - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax and Goods and Service Tax.
 - b. According to the information and explanations given to us, there are no undisputed amounts payable in respect of the above Statutory dues which were outstanding, as at March 31, 2021 for a period of more than six months, from the date they became payable.



According to the information and explanations given to us, there are no dues of Income tax and Service Tax, which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount in Rs.
Income Tax Act, 1961	Income Tax	CIT(Appeals)	2017-18	49,14,767/-

- viii. According to the information and explanations given to us and the records examined by us, the Company has not borrowed money from any Financial Institution, Bank or Government. There are no Debenture holders.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and nor has it raised any Term Loans during the year under report.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The Company has paid/provided for the managerial remuneration in accordance with section 197 of the Companies Act 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in notes to accounts in the Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-

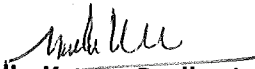


cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For BUDHRAJA ADLAKHA & CO.
Chartered Accountants
Firm's Reg. No.: 005154N




Nalin Kumar Budhraj
(Partner)
Memb. No.: 084310

UDIN : 21084310AAAA X4292

Place: Gurugram
Date:19th June 2021

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls with reference to financial statements of **Rico Investments Limited** ("the Company") as of 31 March 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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



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

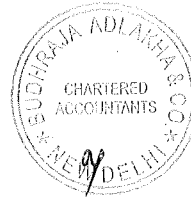
Opinion


In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Budhraj Adlakha & Co.

Chartered Accountants

Firm's Registration No.: 005154N




Nalin Kumar Budhraj
Partner

Membership No.: 084310

UDIN: 21084310AAAA X4292

Place: Gurugram

Date: 19th June 2021

RICO INVESTMENTS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2021

	Note No.	31st March 2021 (Rs.)	(Amount in INR) 31st March 2020 (Rs.)
EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	3	1,187,000,000	1,187,000,000
(b) Reserve & Surplus	4	37,482,505	67,901,260
		1,224,482,505	1,254,901,260
(2) NON-CURRENT LIABILITIES			
(b) Long-Term Provisions	5	366,761	284,133
		366,761	284,133
(3) CURRENT LIABILITIES			
(a) Trade Payables	6	-	170,100
(b) Other Current Liabilities	7	927,854	732,083
(c) Short-Term Provisions	5	10,438,988	11,370,170
		11,366,842	12,272,353
Total		1,236,216,108	1,267,457,746
ASSETS			
(1) NON-CURRENT ASSETS			
(b) Non-Current Investments	8	735,030,000	735,030,000
(c) Deferred Tax Assets (net)	9	95,072	75,781
(d) Long-Term Loans & Advances	10	349,975,000	369,200,000
(e) Other Non Current Assets	11	1,738,916	2,080,857
		1,086,838,988	1,106,386,638
(2) CURRENT ASSETS			
(a) Cash and Cash Equivalents	12	37,943,544	35,957,931
(b) Other Current Assets	13	111,433,576	125,113,177
		149,377,120	161,071,108
Total		1,236,216,108	1,267,457,746

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the Financial Statements. 1-24

As per our report of even date

For Budhraj Adlakha & Co.

Chartered Accountants

Firm Reg. No. 005154N



Nalin Kumar Budhraj
(Partner)

Membership No. 084310

For and on behalf of the Board of Directors of
Rico Investments Ltd

Om Prakash Aggarwal
Managing Director
Din: 01537211

Arvind Kapur
Director
Din: 00096308

Place : Gurugram

Dated : 19th June 2021

Parveen Garg
Chief Financial Officer

S. Kartik
Company Secretary

RICO INVESTMENTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31ST MARCH, 2021

(Amount in INR)

	Note No.	31st March 2021 (Rs.)	31st March 2020 (Rs.)
INCOME			
Revenue From Operations	14	4,68,74,180	5,93,70,274
Other Income	15	-	32,094
TOTAL REVENUE	"A"	4,68,74,180	5,94,02,368
EXPENSES			
Employee Benefit Expenses	16	36,96,964	35,70,637
Finance Cost	17	2,72,401	885
Other expenses	18	35,63,713	18,19,961
Depreciation		-	94,273
TOTAL EXPENSES	"B"	75,33,078	54,85,756
Profit / (Loss) before exceptional and extraordinary items and tax (A -B)		3,93,41,102	5,39,16,612
Less: Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		3,93,41,102	5,39,16,612
Less: Extraordinary items		-	-
Profit / (Loss) before tax		3,93,41,102	5,39,16,612
Less: Tax expense / (Income) :-			
(a) Current Tax		1,04,28,000	1,13,61,100
Less : MAT Credit Entitlement		-	-
Net Current Tax		-	-
(b) Deferred Tax		-18,143	37,240
(c) Previous Year Income Tax		-	1,55,086
Profit/(Loss) for the Year		2,89,31,245	4,23,63,186
Earnings per equity share [nominal value of share Rs. 10]			
Earnings per share:-	19		
(a) Basic		0.24	0.36
(b) Diluted		0.24	0.36
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the Financial Statements.	1-24		

As per our report of even date

For Budhraj Adlakha & Co.

Chartered Accountants

Firm Reg. No. 005154N

Nalin Kumar Budhraj

(Partner)

Membership No. 084310



For and on behalf of the Board of Directors of
Rico Investments Ltd

Om Prakash Aggarwal

Managing Director

Din: 01537211

Arvind Kapur

Director

Din: 00096308

Parveen Garg

Chief Financial Officer

S. Kartik

Company Secretary

Place : Gurugram

Dated : 19th June 2021

RICO INVESTMENT LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in INR)

Particulars	Notes	31st March, 2021 Rs.	31st March, 2020 Rs.
A. Cash Flow From Operating Activities			
Net profit/(loss) before tax and extra-ordinary items		39,610,730	53,916,612
Adjustments for:			
Depreciation and Amortisation Expenses		-	94,273
Loss / (Profit) on Sale of Assets		-	(32,094)
Operating Profit Before Working Capital Changes		39,610,730	53,978,791
Adjustments for:			
Increase / (Decrease) in Long Term Provisions		82,628	144,306
Increase / (Decrease) in Other Long Term Liabilities		-	(264,400)
Increase / (Decrease) in Short Term Provisions		(931,182)	(1,071,519)
Increase / (Decrease) in Other Current Liabilities		195,771	(65,722)
Increase / (Decrease) in Trade Payables		(170,100)	158,691
(increase) / Decrease in Long Term Loans & Advances		19,225,000	10,000,000
(Increase) / Decrease in Non Current Assets		341,941	(1,329,357)
(Increase) / Decrease in Other Current Assets		13,679,601	(7,920,015)
Cash Generated From operations		72,034,389	53,630,775
Income Tax Paid / Refunded		(10,698,776)	(11,516,185)
Cash Flow Before Extraordinary Items		61,335,613	42,114,590
Extraordinary Items		-	-
Net Cash From Operating Activities (A)		61,335,613	42,114,590
B. Cash Flow From Investing Activities			
Proceeds from Sales of Fixed Assets		-	250,000
Net Cash used in Investing Activities (B)		-	250,000
C. Cash Flow From Financing Activities			
Dividend Paid (Including Corporate Dividend Tax)		(59,350,000)	(12,416,771)
Net Cash from Financing Activities (C)		(59,350,000)	(12,416,771)
Net Increase in Cash and Cash Equivalents (A+B+C)		1,985,613	29,947,819
Cash and Cash Equivalents (Opening Balance)		35,957,931	6,010,112
Cash and Cash Equivalents (Closing Balance)		37,943,544	35,957,931
Components of cash and cash equivalents			
Cash in hand		1,355	1,355
Balances on Current Accounts with Banks		442,189	4,956,576
Balances on Fixed Deposit Accounts with Banks		37,500,000	31,000,000
Total cash and cash equivalents (refer Note 12)		37,943,544	35,957,931

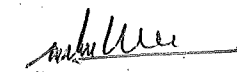
Summary of Significant Accounting Policies 2.1
 The accompanying notes are an integral part of the Financial Statements. 1-24

As Per Our Report Of Even Date

For Budhraj Adlakha & Co.


Chartered Accountants


Firm Reg. No. 005154N


 Nalin Kumar Budhraj
 (Partner)
 Membership No. 084310



For and on behalf of the Board of Directors of
 Rico Investments Ltd


 Om Prakash Aggarwal
 Managing Director
 Din: 01537211


 Arvind Kapur
 Director
 Din: 00096308

Place : Gurugram
 Dated : 19th June 2021


 Parveen Garg
 Chief Financial Officer


 S. Kartik
 Company Secretary



RICO INVESTMENTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note - 1: Corporate Information

RICO INVESTMENTS LIMITED was incorporated on 7th January; 2015. The main object of the Company is to make strategic investments in the Group Companies of RICO Auto Industries Limited and grant loans to such Companies. The Company is a Core Investment Company – Non-Banking Financial Company (CIC-NBFC) as per guidelines issued by The Reserve Bank of India and the investment pattern of the Company also complies with the requirement to continue to qualify as a CIC-NBFC.

Note - 2: Basis of preparation

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out.

Note - 2.1: Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Revenue recognition

(A) Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(B) Dividend

Dividend income is accounted for on cash basis, as compared to accrual basis when a right to receive payment is established.

c. Tangible fixed assets

Tangible Assets are stated at historical cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

d. Depreciation on tangible fixed assets

The company is charging the depreciation on written down value based on useful lives of assets, as prescribed by Schedule II of the Companies Act 2013. The useful life of assets is given as under:

Fixed Asset	Useful Life of the Tangible Asset
Vehicles	8 Years



RICO INVESTMENTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

e. Impairment of Assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Statement of profit & Loss to the extent the amount exceeds the recoverable amount.

f. Investments

Investments are classified as trade when investment is made in the shares or debentures of another Company for the purpose of promoting the trade or business of the Company. Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment is made are classified as current investments. All other investments are classified as long-term investments.

- i. Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- ii. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.
- iii. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

g. Accounting for taxes on income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the Impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Minimum Alternate Tax (MAT) -MAT credit is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. The Company reviews the said MAT Credit entitlement at each reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

h. Retirement and Other Employee benefits

I. Short-term employee benefits

- II. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, Bonus and performance incentives.

III. Post employment benefit plans

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.



RICO INVESTMENTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

For defined benefit Schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gain and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

i. Earnings per share

Basic earnings per share

For the purpose of calculating basic earnings per share, the net profit or loss for the period attributable to equity shareholders after deducting any attributable tax thereto for the period is divided by weighted number of equity shares outstanding during the period.

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss 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.

j. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

k. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

l. Cash Flow

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2021

NOTE - 3

SHARE CAPITAL

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
Authorised		
120000000 Equity shares of Rs 10/- Each (Previous year 120000000 Equity shares of Rs 10/- Each)	1,200,000,000	1,200,000,000
	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued, Subscribed & Paid Up		
118700000 Equity Shares of Rs.10/- each fully Paid up. (Previous year 118700000 Equity Shares of Rs.10/- each fully Paid up)	1,187,000,000	1,187,000,000
Total issued, subscribed and paid up share capital	<u>1,187,000,000</u>	<u>1,187,000,000</u>

A. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	31st March 2021		31st March 2020	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Equity Shares				
At the beginning of the year	118,700,000	1,187,000,000	118,700,000	1,187,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>118,700,000</u>	<u>1,187,000,000</u>	<u>118,700,000</u>	<u>1,187,000,000</u>

B. Terms/rights attached to Equity shares

The Company has only one class of equity shares, having par value of Rs.10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders.

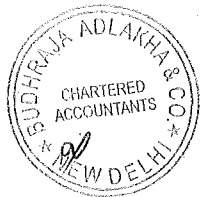
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

C. Shares in the Company held by the Holding Company

	31st March 2021		31st March 2020	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Rico Auto Industries Limited, Holding Company				
Equity shares of Rs 10/- each fully paid up	116,000,000	1,160,000,000	116,000,000	1,160,000,000

D. Details of shareholders holding more than 5% shares in the company

	31st March 2021		31st March 2020	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity Shares of Rs 10 each fully paid up				
Rico Auto Industries Limited, (Holding Co.)	116,000,000	97.73%	116,000,000	97.73%



RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2021

NOTE - 4

RESERVES & SURPLUS

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance		
Profit / (Loss) for the year	42,162,466	20,688,688
Less : Appropriations :-	28,931,245	42,363,186
Dividend on equity shares*		
Dividend distribution tax*	35,610,000	11,870,000
Interim dividend on equity shares	-	546,771
Interim dividend tax	23,740,000	-
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	-	-
	5,786,249	8,472,637
Closing balance (A)	5,957,462	42,162,466
Reserve Fund :		
<i>In terms of Section 45-IC of the Reserve Bank of India Act, 1934</i>		
Opening Balance		
Add : Transfer from Surplus	25,738,794	17,266,157
	5,786,249	8,472,637
Closing balance (B)	31,525,043	25,738,794
Total (A + B)	37,482,505	67,901,260

NOTE - 5

PROVISIONS

	31st March 2021 Amount(Rs)		31st March 2020 Amount(Rs)	
	Long Term	Short term	Long Term	Short term
Provision for Income Tax	-	10,428,000	-	11,361,100
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 20)	156,942	730	106,468	212
Provision for Leave Encashment (Refer Note No. 20)	209,819	10,258	177,665	8,858
	366,761	10,438,988	284,133	11,370,170



RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2021

NOTE - 6	31st March 2021	31st March 2020
TRADE PAYABLE	Amount (Rs.)	Amount (Rs.)
Trade Payables:-		
(A) total outstanding dues of micro enterprises and small enterprises; and	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises]	-	170,100
	-	170,100

NOTE - 7	31st March 2021	31st March 2020
OTHER CURRENT LIABILITIES	Amount (Rs.)	Amount (Rs.)
Provident fund payable	31,585	29,484
TDS payable	57,391	60,183
Salary Payable	191,644	322,433
Audit Fees Payable	243,000	243,000
Other payables	114,027	36,077
Due to related parties (Refer Note No. 21)	290,207	40,906
	927,854	732,083

NOTE - 8	31st March 2021	31st March 2020
NON CURRENT INVESTMENTS	Amount (Rs.)	Amount (Rs.)
Trade Investment (At Cost unless stated otherwise)		
Unquoted Equity Instruments		
Investments in Subsidiaries		
RASA Autocom Limited	214,600,000	214,600,000
41000000 Equity shares of Rs 10 each, fully paid up. (Previous Year 4,10,00,000 Equity shares of Rs 10/ each, fully paid up)		
Rico Aluminium and Ferrous Auto Components Ltd.	460,030,000	460,030,000
46050000 Equity shares of Rs 10/- each, fully paid up. (Previous Year 4,60,50,000 Equity shares of Rs 10/ each, fully paid up)		
Rico Jinfei Wheels Ltd	60,400,000	60,400,000
35525000 Equity shares of Rs 10/- each, fully paid up (Previous Year 35525000 Equity shares of Rs 10/ each, fully paid up)		
Aggregate Amount of Unquoted Investments.	735,030,000	735,030,000
Total Investments	735,030,000	735,030,000

NOTE - 9	31st March 2021	31st March 2020
DEFERRED TAX ASSETS	Amount (Rs.)	Amount (Rs.)
Provision for Gratuity	39,683	28,837
Provision for Leave Encashment	55,389	46,944
	95,072	75,781



RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2021

NOTE - 10

LONG TERM LOANS & ADVANCES

Unsecured, considered good

Loans and advances to related parties
(Refer Note No.21)

Less :- Current Maturities of Loans & Advances

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
	442,275,000	461,500,000
	92,300,000	92,300,000
	349,975,000	369,200,000

NOTE - 11

OTHER NON CURRENT ASSETS

Security deposit
Income Tax Refundable

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
	150,000	150,000
	1,588,916	1,930,857
	1,738,916	2,080,857

NOTE - 12

CASH & CASH EQUIVALENTS

Cash in hand
Balances on Current Accounts with Banks
Balances on Fixed Deposit Accounts with Banks

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
	1,355	1,355
	442,189	4,956,576
	37,500,000	31,000,000
	37,943,544	35,957,931

NOTE - 13

OTHER CURRENT ASSETS

Interest accrued
Current maturities of Long Term Loans given
(Refer Note No. 10)
Tax deducted at source & Advance Tax

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
	9,098,009	21,797,147
	92,300,000	92,300,000
	10,035,567	11,016,030
	111,433,576	125,113,177

NOTE - 14

REVENUE FROM OPERATIONS

Interest income
Dividend from Subsidiary

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
	46,874,180	50,160,274
	-	9,210,000
	46,874,180	59,370,274

NOTE - 15

OTHER INCOME

Other Income

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
	-	32,094
	-	32,094

NOTE - 16

EMPLOYEE BENEFIT EXPENSE

Salary
Contribution to Provident Fund
Staff Welfare
Gratuity expenses

	31st March 2021 Amount (Rs.)	31st March 2020 Amount (Rs.)
	3,369,272	3,259,171
	270,821	252,225
	5,879	1,490
	50,992	57,751
	3,696,964	3,570,637



RICO INVESTMENTS LIMITED**Notes to financial statements for year ended on 31st March, 2021**

NOTE - 17	31st March 2021	31st March 2020
FINANCE COSTS	Amount (Rs.)	Amount (Rs.)
Bank Charges	2,773	885
Interest paid on Statutory dues	2,69,628	-
	2,72,401	885

NOTE - 18	31st March 2021	31st March 2020
OTHER EXPENSES	Amount (Rs.)	Amount (Rs.)
Rent	92,040	92,040
Legal and Professional Fees & Taxes	5,02,668	2,19,306
Printing & Stationary	91,400	1,03,775
Directors' Sitting Fees	9,150	3,825
Conveyance & Travelling	8,85,012	8,37,800
Other Expenses	5,909	26,337
Petrol Reimbursement	32,056	28,225
Expenditure on corporate social responsibility(Refer Note no. 22)	2,43,000	2,43,153
	14,36,978	-
Payments to the auditors		
As auditor :		
Audit Fee	2,06,500	2,06,500
Tax Audit Fee	41,300	41,300
Taxation Matters	17,700	17,700
	2,65,500	2,65,500
	35,63,713	18,19,961

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RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2021

Note - 19: Earning per share (EPS)

Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:-

	<u>31st March, 2021</u>	<u>31st March, 2020</u>
Basic Earning Per share :-		
Net Profit as per Statement of Profit & Loss (Rs.)	28,931,245	42,363,186
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	118,700,000	118,700,000
Basic Earning Per share (Rs.)	0.24	0.36

Note - 20: Retirement and Other Employee Benefits

a) Defined contribution plans

Provident fund and other funds:

	<u>31st March, 2021</u>	<u>31st March, 2020</u>
Employer's contribution to provident fund	148,800	156,175

b) Defined benefit plans

Gratuity Plan:

I (i) Change in Present Value of benefit obligations :

	<u>31st March, 2021</u> (Rs.)	<u>31st March, 2020</u> (Rs.)
Present value of obligation at the beginning (A)	106,680	48,929
Current Service Cost (B)	47,553	46,107
Interest Cost (C)	7,254	3,748
Actuarial (gain)/ loss (D)	-3,815	7,896
Benefits Paid (E)	-	-
Present value of obligations at the end(F=A+B+C+D+E)	157,672	106,680

(ii) Change in plan assets :

Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-

Fair value of plan assets as on at the end (F=A+B+C+D+E)

(iii) Net Liabilities/ (Assets) (i-ii)	157,672	106,680
---	---------	---------

(iv) Net gratuity cost for the year ended:

Current Service Cost (A)	47,553	46,107
Interest cost (B)	7,254	3,748
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	-3,815	7,896
Net gratuity cost (E=A+B+C+D)	50,992	57,751

(v) Bifurcation of Projected Benefit Obligation at the end of year as per Schedule III to the Companies Act, 2013

Current Liability (Amount due within one year)	730	212
Non-Current Liability (Amount due over one year)	156,942	106,468
Total Projected Benefit Obligation at the end of year	157,672	106,680



RICO INVESTMENTS LIMITED
Notes to financial statements for year ended on 31st March, 2021
Leave Encashment Plan:

	<u>31st March, 2021</u> (Rs.)	<u>31st March, 2020</u> (Rs.)
II (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	186,523	96,387
Current Service Cost (B)	65,754	76,980
Interest Cost (C)	12,684	7,383
Actuarial (gain)/ loss (D)	-44,884	10,487
Benefits Paid (E)	-	-4,714
Present value of obligations at the end (F=A+B+C+D+E)	220,077	186,523
(ii) Change in plan assets :		
Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-
Fair value of plan assets at the end (F=A+B+C+D+E)	-	-
(iii) Net Liability/(Assets) (I-ii)	220,077	186,523
(iv) Net Leave Encashment for the year ended :		
Current Service Cost (A)	65,754	76,980
Interest cost (B)	12,684	7,383
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	-44,884	10,487
Net Leave Encashment cost (E=A+B+C+D)	33,554	94,850
(v) Bifurcation of PBO at the end of year as per Schedule III to the Companies Act, 2013		
Current Liability (Amount due within one year)	10,258	8,858
Non-Current Liability (Amount due over one year)	209,819	177,665
Total PBO at the end of year	220,077	186,523

Principal Actuarial Assumptions

The Principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below :

	Gratuity Plan		Leave Encashment Plan	
	<u>31st March,</u> <u>2021</u> (%)	<u>31st March,</u> <u>2020</u> (%)	<u>31st March,</u> <u>2021</u> (%)	<u>31st March,</u> <u>2020</u> (%)
Discount rate	6.80%	6.80%	6.80%	6.80%
Salary escalation rate	5.50%	5.50%	5.50%	5.50%
Expected rate of return on plan assets	-	-	-	-

Note - 21: Related party disclosures
1. Related parties where control exists

Names of related parties and related party relationship

Holding Company:

Rico Auto Industries Ltd

Subsidiaries:

Rasa Autocom Ltd
Rico Aluminum & Ferrous Auto Components Ltd
Rico Jinfei Wheels Ltd

Subsidiaries of Holding Co.:

Rico Auto Industries Inc. USA
Rico Auto Industries (UK) Limited, UK
AAN Engineering Industries Limited
Rico Fluidtronics Limited



RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2021

Rico Friction Technologies Private Limited

Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives, with whom transactions taken place during the year

Kapbros Engineering Industries Ltd

Rico Castings Ltd

ASN Manufacturing and Services Pvt Ltd

(Formerly known as Kapsons Manufacturing and Services Pvt Ltd)

Magple Manufacturing and Tech Private Limited

Key Managerial Personnel

Shri Arvind Kapur

Director

Shri Om Prakash Aggarwal

Managing Director

Shri Parveen Garg

Chief Financial Officer

Shri S. Kartik

Company Secretary

2. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	<u>31st March, 2021</u> (Rs.)	<u>31st March, 2020</u> (Rs.)
(i) RICO Auto Industries Ltd, Holding Co.		
Rent Paid	92,040	92,040
Dividend Paid	5,800,000	11,600,000
Reimbursement of expenses in relation to CSR	836,978	-
Loan Given	50,000,000	-
Interest received (net off TDS)	1,971,644	-
Balance payable	290,207	-
Balance Receivable(Loan)	50,000,000	40,906
(ii) Rico Castings Limited		
Amount Received against Loan Repayment	33,600,000	5,000,000
Interest received (net off TDS)	19,428,547	21,366,812
Balance Receivable(Loan)	190,400,000	224,000,000
(iii) ASN Manufacturing and Services Pvt Ltd (Formerly known as Kapsons Manufacturing and Services Pvt Ltd)		
Amount Received against Loan Repayment	35,625,000	5,000,000
Interest received (net off TDS)	20,599,465	22,642,560
Balance Receivable(Loan)	201,875,000	237,500,000
(iv) Remuneration paid to key management personnel		
Shri O P Aggarwal (MD)	12	12
Shri Parveen Garg (CFO)	1,953,873	1,953,873
Shri S Kartik (CS)	1,305,284	1,305,284
	<u>31st March, 2021</u> (Rs.)	<u>31st March, 2020</u> (Rs.)

Note - 22: Contingent Liabilities

Demand against the company not acknowledged as Debt:-
Income Tax(Net of Payments made Rs 5,46,103)

4,914,767

4,914,767

Note - 23: Expenditure on corporate social responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The funds were primarily allocated and utilized for the activities that are specified in Schedule VII of the Companies Act, 2013

	<u>31st March, 2021</u> (Rs.)	<u>31st March, 2020</u> (Rs.)
(a) Gross amount required to be spent	834,290	-
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	1436978*	-

* Out of total expense of Rs 1436978, Rs 600000 has been contributed to the PM cares fund. This amount was to be spent by March 2020, being the CSR expense for FY 2019-20 but could not be spent due to the lockdown on account of COVID PANDEMIC.




RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2021

Note - 24: Previous year figures

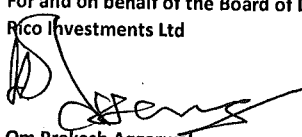
Previous year figures are regrouped/reclassified wherever necessary.

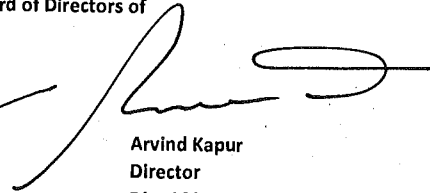
As Per Our Report Of Even Date
For Budhraj Adlakha & Co.
Chartered Accountants
Firm Reg. No. 005154N


Nalin Kumar Budhraj
(Partner)
Membership No. 084310



For and on behalf of the Board of Directors of
Rico Investments Ltd


Om Prakash Aggarwal
Managing Director
Din: 01537211


Arvind Kapur
Director
Din: 00096308

Place : Gurugram
Dated : 19th June 2021


Parveen Garg
Chief Financial Officer


S. Kartik
Company Secretary



INDEPENDENT AUDITOR'S REPORT

To,
The Members of AAN Engineering Industries Limited

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **AAN Engineering Industries Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the *Board's Report including Annexure to the Board's Report* but does not include the financial statements and our auditor's report thereon. The report of the Board is expected to be made available to us after the date of the Auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of Management and those charged with governance for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, including the IND AS, specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a



guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

A further description of the Auditor's responsibilities for the audit of the financial statements is included in **Annexure A**. This description forms part of our audit report.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure B** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss(including other comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies Accounting Standards rules 2015 as amended.
 - e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the Internal Financial Control with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**"
 - g) The provisions of Section 197 of the Companies Act 2013 are not applicable to the company.




h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Budhraj Adlakha & Co.
Chartered Accountants
Firm's Registration No.: 005154N




Nalin Kumar Budhraj
Partner

Membership No.: 084310
UDIN: 21084310AAAAAT1157

Place: Gurugram

Date: 18th June 2021

Annexure A

Responsibilities for Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

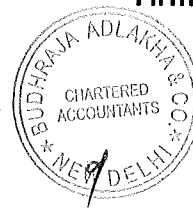


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For Budhraj Adlakha & Co.
Chartered Accountants**

Firm's Registration No.: 005154N



Nalin Kumar Budhraj

Partner

Membership No.: 084310

UDIN: 21084310AAAAAT1157

Place: Gurugram

Date: 18th June 2021

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date.

Annexure –B to the Auditor's Report

Re: AAN Engineering Industries Limited

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
(b) The Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
(c) As explained to us and based on our examination of the records of the Company, the company does not have any immovable property. Accordingly, Paragraph 3(i) (c) order is not applicable.
- ii. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. The discrepancies noted on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii)(a) (b) and (c) of the Order are not applicable.
- iv. As the Company has not made any Investments nor any Loans are given, Para 3(iv) of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in



depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax and Goods and Service Tax.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of the above Statutory dues which were outstanding, as at March 31, 2021 for a period of more than six months, from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of income-tax, sales-tax, goods and service tax, value added tax and service tax which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2021.


- viii. According to the information and explanations given to us, the company has not defaulted in the repayment of loans or borrowings from any financial institution, banks or government and there were no debentures which were issued during the year or outstanding as on 31st March, 2021.
- ix. The company has not raised any money by way of initial public offer or further public offers (including debt instruments). As per the information and explanations given to us, the company has applied the term loans, raised for the purpose for which they were obtained.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid any managerial remuneration during the year. Hence, clause (xi) of the Order is not applicable.
- xii. The Company is not a nidhi company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in notes to accounts in the financial statements.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.



- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence Clause 3(xv) of the order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Budhraj Adlakha & Co.
Chartered Accountants
Firm's Registration No.: 005154N**




**Nalin Kumar Budhraj
Partner**

**Membership No.: 084310
UDIN: 21084310AAAAAT1157**

Place: Gurugram

Date: 18th June 2021

Annexure - C to the Auditors' Report

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

We have audited the internal financial controls with reference to financial statements of **AAN Engineering Industries Limited** ("the Company") as of 31 March 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's



judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion


In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements



criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Budhraj Adlakha & Co.
Chartered Accountants
Firm's Registration No.: 005154N**




**Nalin Kumar Budhraj
Partner**

**Membership No.: 084310
UDIN: 21084310AAAAAT1157**

Place: Gurugram

Date: 18th June 2021

AAN Engineering Industries Limited
Balance Sheet as at March 31, 2021

	Notes	[Rs. In Lakhs]	
		As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
(a) Property, plant and equipments	5	64.06	77.35
(b) Right of use assets	6	47.94	0.00
(c) Financial Assets			
(i) Other financial assets	7	305.00	1.06
(d) Other non-current assets	8	13.48	14.11
Total non-current assets		430.48	92.52
Current assets			
(a) Inventories	9	61.28	44.72
(b) Financial Assets			
(i) Trade Receivables	10	6.93	14.77
(ii) Cash and Cash Equivalents	11	5.16	5.83
(iii) Bank balances other than (ii) above	12	5.05	4.05
(iv) Other financial assets	13	10.87	12.36
(c) Other current assets	14	13.40	24.26
Total current assets		102.69	105.99
Total Assets		533.17	198.51
Equity and liabilities			
Equity			
(a) Equity Share Capital	15	5.00	5.00
(b) Other Equity	16	(556.00)	(474.56)
Total Equity		(551.00)	(469.56)
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	616.53	409.02
(ii) Other financial liabilities	18	34.73	0.00
(b) Provisions	19	13.27	12.67
(c) Deferred tax liabilities	20	1.13	3.27
Total non-current liabilities		665.66	424.96
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	104.39	117.98
(ii) Trade payables	22		
a) Total outstanding dues of micro enterprises & small enterprises		0.00	0.00
b) Total outstanding dues of creditors other than msme		147.48	5.01
(iii) Other Financial Liabilities	23	163.34	118.46
(b) Short Term Provisions	24	0.28	0.26
(c) Other current liabilities	25	3.02	1.40
Total current liabilities		418.51	243.11
Total equity and liabilities		533.17	198.51

The accompanying notes are an integral part of the financial statements.

1 - 45

In terms of our report of even date

For Budhraj Adlakha & Co.

Chartered Accountants

Firm Reg. No. 005154N

Nalin Kumar Budhraj

(Partner)

Membership No. 084310

Place : Gurugram

Dated : 18-6-21



For and on behalf of the Board of Directors of
AAN Engineering Industries Limited

Ish Mohit Pannu

Director

DIN: 07181747

Naresh Kumar Sethi

Director

DIN: 00202498

AAN Engineering Industries Limited
Statement of Profit and Loss for the year ended March 31, 2021

	Notes	Year ended March 31, 2021	[Rs. In Lakhs] Year ended March 31, 2020
Revenue			
Revenue from operations	26	902.07	194.25
Other income	27	5.77	2.25
Total revenue		907.84	196.50
Expenses			
(a) Cost of material consumed	28	751.31	183.78
(b) Changes in inventories of FG & WIP	29	18.47	(20.79)
(c) Other manufacturing expenses	30	60.24	19.72
(d) Employee benefits expense	31	30.09	36.44
(e) Finance costs	32	88.97	95.53
(f) Depreciation and amortization expense	5	18.23	13.67
(g) Other expenses	33	24.79	53.67
Total expenses		992.10	382.02
Profit/(loss) before exceptional items and tax		(84.26)	(185.52)
Exceptional items		0.00	0.00
Profit/(Loss) before tax		(84.26)	(185.52)
Tax expenses	34		
Current tax		0.00	0.00
Deferred tax		(2.31)	9.49
Total Tax expense		(2.31)	9.49
Profit/(Loss) for the year (A)		(81.95)	(195.01)
Other comprehensive income			
A (i) Items that will not be reclassified to profit and loss			
(a) Remeasurements of the defined benefit plans		0.68	(0.39)
		0.68	(0.39)
(ii) Income tax relating to items that will not be reclassified to profit and loss		0.17	(0.09)
Total other comprehensive income for the year (B)		0.51	(0.30)
Total comprehensive income/(loss) for the year (A + B)		(81.44)	(195.31)
Earnings per equity share [nominal value of share Rs. 10]			
Earnings per share:-			
(a) Basic	35	(163.90)	(390.02)
(b) Diluted		(163.90)	(390.02)

The accompanying notes are an integral part of the financial statements.


1 - 45

In terms of our report of even date

For Budhraj Adlakha & Co.

Chartered Accountants

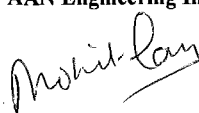
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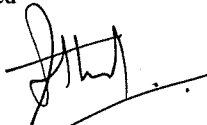

Nalin Kumar Budhraj
(Partner)
Membership No. 084310



For and on behalf of the board of directors of

AAN Engineering Industries Limited


Ish Mohit Pannu
Director
DIN: 07181747


Naresh Kumar Sethi
Director
DIN: 00202498

Place : Gurugram
Dated : 18-6-21



AAN Engineering Industries Limited**Statement of Changes in equity for the year ended March 31, 2021**

[Rs. In Lakhs]

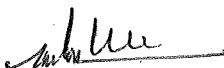
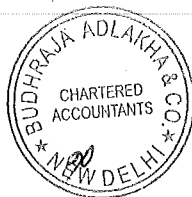
a. Equity Share Capital

	Amount
Balance at April 1, 2019	5.00
Changes in equity share capital during the year	-
Balance at 31st March, 2020	5.00
Changes in equity share capital during the year	-
Balance at 31st March, 2021	5.00

b. Other Equity

	Reserve & Surplus		Total
	General Reserve	Retained Earnings	
Balance at April 1, 2019	-	(279.25)	(279.25)
Profit for the year	-	(195.01)	(195.01)
Other comprehensive income for the year, net of tax	-	(0.30)	(0.30)
Total comprehensive income for the year	-	(474.56)	(474.56)
Payment of Dividend	-	-	-
Tax on Dividend	-	-	-
Balance at March 31, 2020	-	(474.56)	(474.56)
Profit for the year	-	(81.95)	(81.95)
Other comprehensive income for the year, net of tax	-	0.51	0.51
Total comprehensive income for the year	-	(556.00)	(556.00)
Payment of Dividend	-	-	-
Tax on Dividend	-	-	-
Balance at March 31, 2021	-	(556.00)	(556.00)

The accompanying notes are an integral part of the financial statements.

#**In terms of our report of even date****For Budhraj Adlakha & Co.****Chartered Accountants****Firm Reg. No. 005154N**

Nalin Kumar Budhraj
(Partner)**Membership No. 084310****Place : Gurugram****Dated : 18.6.21****For and on behalf of the Board of Directors of
AAN Engineering Industries Limited**

Ish Mohit Panu
Director**DIN: 07181747**


Naresh Kumar Sethi
Director**DIN: 00202498**

AAN Engineering Industries Limited
Cash flow Statement for the year ended March 31, 2021

[Rs. In Lakhs]

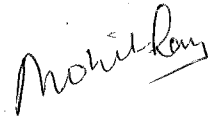
Particulars	For the year ended march 31, 2021	For the year ended march 31, 2020
A. Cash Flow From Operating Activities		
Profit before tax	(83.59)	(185.92)
Adjustments for :		
Depreciation and amortisation expenses	18.23	13.67
Finance Costs	88.97	95.53
Interest Income	(5.66)	(0.29)
Profit on sales of fixed assets	(0.11)	(1.83)
Operating profit before working capital changes	17.84	(78.84)
Adjustments for:		
- (Increase)/decrease in other non-current assets	0.63	5.14
- (Increase)/decrease in inventories	(16.56)	(18.22)
- (Increase)/decrease in trade receivables	7.84	14.89
- (Increase)/decrease in other financial assets (current)	1.49	12.74
- (Increase)/decrease in other current assets	10.86	25.14
- Increase/(decrease) in non-current provisions	0.60	1.54
- Increase/(decrease) in trade payables	142.47	(14.41)
- Increase/(decrease) in current provisions	0.02	0.01
- Increase/(decrease) in other current liabilities	1.36	(0.62)
Cash Generated From operations	148.71	26.21
Income tax paid (net)	0.00	0.00
Cash Generated From operations before extraordinary Items	148.71	26.21
Extraordinary Items	0.00	0.00
Net Cash From/(used in) Operating Activities (A)	166.55	(52.63)
B. Cash Flow From Investing Activities		
Interest received	5.66	0.29
Amount invested in FDR	(303.94)	0.00
Property, plant & equipments	(6.04)	60.21
Net Cash from/(used in) Investing Activities (B)	(304.32)	60.50
C. Cash Flow From Financing Activities		
Interest accrued but not due on borrowings	23.72	43.41
Proceeds from long term borrowings	216.94	
Proceeds from short term borrowings	(13.59)	46.65
Loan Repaid	0.00	0.00
Finance cost paid	(88.97)	(95.53)
Net Cash from/(used in) Financing Activities (C)	138.10	(5.47)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	0.33	2.40
Add: Cash and Cash Equivalents at the beginning of the year	9.88	7.48
Cash and Cash Equivalents at the end of the year	10.21	9.88
D. Components of cash and cash equivalents		
Cash on Hand	0.10	0.10
With banks -		
On Current Accounts and Fixed Deposits	10.11	9.78
Total cash and cash equivalents (Refer Note No. 10 & 11)	10.21	9.88


In terms of our report of even date
For Budhraj Adlakha & Co.
Chartered Accountants
Firm Reg. No. 005154N


Nalin Kumar Budhraj
(Partner)
Membership No. 084310
Place : Gurugram
Dated : 18-6-21



For and on behalf of the Board of Directors of
AAN Engineering Industries Limited


Ish Mohit Pannu
Director
DIN: 07181747


Naresh Kumar Sethi
Director
DIN: 00202498

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

Note - 1: Corporate Information

The Company was incorporated as **Rupak Automotive Industries Limited** with the Registrar of Companies, NCT of Delhi & Haryana vide CIN:U28112HR2010PLC039941 dated 12th January, 2010. The Company Became a 100% Subsidiary of **Rico Auto Industries Limited**, on 8th April 2010 and subsequently on 12th May, 2011 the name of the company was changed to "**AAN Engineering Industries Limited**". The main objects of the company are to carry on the Business of civil, mechanical, electrical and electronics engineers and manufacturing and sale of goods and equipments used in defence and home land security.

Note - 2: Basis of Preparation and Presentation

2.1 Statement of compliance

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Historical Cost convention

The Financial Statements have been prepared under historical cost convention on accrual basis except for certain assets and liabilities as stated in the respective policies, which have been measured at fair value.

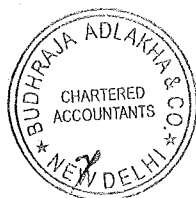
2.3 Current / Non-Current classification

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Functional and Presentation currency

Items included in the Financial Statements of the Company are measured and presented using the currency of the primary economic environment in which the Company operates ("Functional Currency"). Indian Rupee is the functional Currency of the Company.



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

2.5 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs (upto two decimal places) as per the requirements of Schedule III of the Act unless otherwise stated.

Note -3 Key Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- a) Measurement of defined benefit obligations;
- b) Estimation of useful lives of property, plant and equipment;
- c) Estimation on future sales, discount rates and terminal growth rates for subsidiary valuation;
- d) Provision and contingent liabilities; and
- e) Carrying values of inventories.

Note -4: Summary of significant accounting policies

4.1 Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalised with the related fixed assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Capital work-in-progress represents assets under construction and is carried at cost.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss

4.2 Depreciation methods, estimated useful lives and residual value

Depreciation on plant and machinery is provided on the straight-line method, computed on the basis of useful life, on a pro-rata basis from the date the asset is ready to put to use, as



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

prescribed in Schedule II of Companies Act 2013. However, for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years based on the technical estimate and history of usage.

"Depreciation on other property, plant and equipment is provided on written-down method on a pro-rata basis from the date in which each asset is ready to put to use to allocate their cost, net of their residual values, over their estimated useful lives as per prescribed Schedule II to the Companies Act, 2013.

Estimated useful life of assets is as follows which is based on technical evaluation of the useful lives of the assets:

Particulars	Estimated useful life
Plant & Machinery *	10 / 20 Years
Office equipment	5 Years

[Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of schedule II of the companies Act, 2013]*

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

4.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Initial recognition of intangible assets is carried at cost less accumulated amortisation and impairment losses, if any.

Intangible assets are amortized on Straight Line value method over the estimated useful economic life of 5 years.

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 recognized in the statement of profit and loss when the asset is derecognized.

4.4 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

4.6 Cash & Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes 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.

4.7 Fair value measurement

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.



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

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 or each case.

4.8 Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

De-recognition of financial assets

A financial asset is primarily de-recognised 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.

Investments in equity instruments of subsidiaries and joint ventures

Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

Financial Liabilities

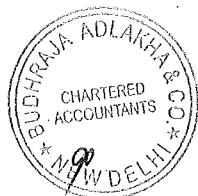
Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised 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 de-recognition 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.

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.



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.9 Provisions & Contingencies

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

4.10 Revenue Recognition

Sale of Goods

Revenue is recognized upon transfer of control of promised goods to customers in an amount that reflects the consideration expected to receive in exchange for those goods. The arrangements with the customers generally creates single performance obligation, which is satisfied at a point of time, when the obligation is discharged i.e. on sale of goods.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties.

Expected sales returns, volume and cash discounts are accounted as reduction of revenue basis the estimate of customers' future purchases / customers' future sales to downstream customers in the value-chain. Any changes in the estimated amount of obligations for discounts/incentives are recognized prospectively in the period in which the change occurs.

Interest Income



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental Income

Rental income arising from properties given under operating leases is recognised over the lease term for which the property is given on rent as per the rent agreement and is shown in other income under revenue in the statement of profit or loss.

Dividend Income

Dividend on investments is recognised when the right to receive dividend is established and the amount of income can be reliably measured.

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional, the Same is disclosed as "Unbilled Revenue" under other current financial assets.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the company performs under the contract. the same is disclosed as " Advance from Customer" under other Current Liabilities.

4.11 Expenditures

Expenses are accounted on accrual basis.

4.12 Employee Benefits

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment towards un-availed leave, compensated absences and other terminal benefits.

a) Short-term obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled within the operating cycle after the end of the period in which the employees render the related services are recognised in the period in which the related services are rendered and are measured at the undiscounted amount expected to be paid.



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Notes to the financial statements for the year ended March 31, 2021

b) Other Long-term employee benefit obligations

Compensated absences

Long term employee benefits such as compensated absences and long service awards are charged to statement of profit and loss on the basis of an actuarial valuation carried out by an independent actuary as at the year-end. Actuarial gains and losses are recognised in full in the statement of profit and loss during the year in which they occur.

c) Post-employment obligations

Defined benefit plans

Liability for defined benefit plans i.e. gratuity is determined based on the actuarial valuation carried out by an independent actuary as at the year-end. As these liabilities are relatively long term in nature, the actuarial assumptions take in account the requirements of the relevant Ind AS coupled with a long term view of the underlying variables / trends, wherever required.

Service cost and net interest cost on the defined benefit liabilities/assets are recognized in the statement of profit and loss as employee benefit expense. Gains and losses on measurement of defined benefits liabilities arising from changes in actuarial assumptions and experience adjustments are recognised in the other comprehensive income and are included in retained earnings in the balance sheet.

Defined Contribution plans

The Company has defined contribution plans under which the company's pays fixed contribution into fund established under the Employee's State Insurance Act, 1948 and Employee Provident Fund and Miscellaneous Provision Act, respectively. The contributions recognised in respect of defined contribution plans are charged to the statement of profit and loss every year. The company has no further payment obligations both legal & Constructive, once the contributions have been paid.

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on July 07 2020 in the Gazette and the Act is yet to be effective.

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on September 28 2020. However, the date on which these Codes will come into effect has not been notified. The Company will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

Termination benefits

A liability for the termination benefit is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit.



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Notes to the financial statements for the year ended March 31, 2021

4.13 Foreign currency transactions:

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

4.14 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

4.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

C. Current and Deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

4.16 Leases

Company as a lessee

The Company's lease asset consist of lease for Building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset, (2) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (3) the Company has the right to direct the use of the asset

At the date of commencement of the lease, the Company recognises a Right of use (ROU) asset and a corresponding lease liability for all lease arrangements under which it is a lessee, except for short-term leases and low value leases. For short-term leases and low value leases, the Company recognises the lease payments as an expense on a straightline basis over the term of the lease.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the date of commencement of the lease on a straight -line basis over the shorter of the lease term and the useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. For leases under which the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the date of commencement of the lease in determining the present value of lease payments.



Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment as to whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance sheet and the payment of principal portion of lease liabilities has been classified as financing cash flows.

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

4.17 Cash flow Statement

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above.

4.18 Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.



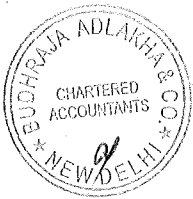
AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

4.19 Estimation of uncertainties relating to the global health pandemic from COVID - 19

The Company has considered possible effects that may result from pandemic related to COVID - 19 on the carrying amount of property, plant and equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions due to pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered.

The impact of COVID - 19 on the Company's financial Statements may differ from that estimated as at date of approval of these financial Statements.



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AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

[Rs. In Lakhs]

5. Property, Plant and Equipment and capital work-in Progress.

Carrying Amount of	As at March 31, 2021	As at March 31, 2020
Plant and Machinery	64.04	77.33
Office Equipments	0.02	0.02
Total	64.06	77.35

Cost or deemed cost			
Particulars	Plant & Machinery	Office Equipment	Total
Balance at 1st April, 2019	175.20	0.05	175.25
Addition for the year	-	-	-
Disposal / adjustments	68.98	-	68.98
Balance at 31st March, 2020	106.22	0.05	106.27
Addition for the year	-	-	-
Disposal / adjustments	3.24	-	3.24
Balance at 31st March, 2021	102.98	0.05	103.03

Accumulated Depreciation and Impairment			
Particulars	Plant & Machinery	Office Equipment	Total
Balance at 1st April, 2019	25.82	0.03	25.85
Addition for the year	13.67	-	13.67
Disposal / adjustments	10.60	-	10.60
Balance at 31st March, 2020	28.89	0.03	28.92
Addition for the year	-	-	-
Disposal / adjustments	1.85	-	1.85
Balance at 31st March, 2021	27.04	0.03	27.07

Carrying amount of			
Particulars	Plant & Machinery	Office Equipment	Total
Balance at 1st April, 2019	149.38	0.02	149.40
Addition for the year	-	-	-
Disposal / adjustments	58.38	-	58.38
Depreciation Adjustment	13.67	-	13.67
Balance at 31st March, 2020	77.33	0.02	77.35
Addition for the year	-	-	-
Disposal / adjustments	1.39	-	1.39
Depreciation Adjustment	11.90	-	11.90
Balance at 31st March, 2021	64.04	0.02	64.06



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

	As at March 31, 2021	[Rs. In Lakhs] As at March 31, 2020
6 Right of Use Assets		
Cost		
Opening Balance	0.00	0.00
Additions	54.27	0.00
At March 31, 2021	54.27	0.00
Accumulated amortisation		
Amortisation expense during the year	6.33	0.00
At March 31, 2021	6.33	0.00
Net block		
At March 31, 2021	47.94	0.00
7 Other non current financial assets		
*Bank deposits with maturity of more than 12 months	300.00	0.00
Interest accrued	5.00	1.06
Total	305.00	1.06
<i>*Fixed deposit pledged with the bank as Margin money for Bank guarantees</i>		
8 Other non current assets		
Advance income tax (net of provisions)	1.77	1.80
Prepaid expenses	11.71	12.31
Total	13.48	14.11
9 Inventories		
(Valued at cost or net realizable value whichever is lower)		
Stores & Spares	14.94	17.43
Raw Material & Components	41.07	3.55
Work-in-process	5.27	22.21
Finished Goods	0.00	1.53
Total	61.28	44.72
10 Trade receivables		
<i>(Unsecured, considered good)</i>		
: Outstanding for a period exceeding six months from the date they were due for payment	0.00	2.15
: Due to related parties	4.58	12.46
: Other debts	2.35	0.16
Total	6.93	14.77
11 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	0.10	0.10
Balances with banks		
In current accounts	5.06	5.73
Total	5.16	5.83
12 Bank balances other than above		
Other Bank Balances		
Bank deposits with maturity of more than 3 months and less than 12 months <i>(held as margin money)</i>	5.05	4.05
Total	5.05	4.05



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

		As at March 31, 2021	[Rs. In Lakhs] As at March 31, 2020
13 Other current financial assets			
<i>(Unsecured, considered good)</i>			
Receivable Account		10.87	12.36
Total		10.87	12.36
14 Other current assets			
<i>(Unsecured, considered good)</i>			
Prepaid Expenses		0.60	4.88
Balance with Statutory/ Government Authorities on account of :			
Goods & Service Tax		12.80	19.38
Total		13.40	24.26
15 Share capital			
a) Authorized			
10,00,000 Equity Shares of Rs.10/- each with Voting right (Previous Year 10,00,000 Equity Shares of Rs.10/-)		100.00	100.00
		100.00	100.00
b) Issued, subscribed and paid-up			
50000 Equity Shares of Rs.10/- each fully paid-up with Voting Right (Previous Year 50000 Equity Shares of Rs.10/-)		5.00	5.00
		5.00	5.00
c) Reconciliation of number of equity & preference shares outstanding			
Equity Shares		Year ended March 31, 2021	Year ended March 31, 2020
	No. of shares		
At the beginning of the year		50000.00	50000.00
	Amount	5.00	5.00
	No. of shares		
Movement during the year		0.00	0.00
	Amount	0.00	0.00
	No. of shares		
Outstanding at the end of the year		50000.00	50000.00
	Amount	5.00	5.00

d) Description of the rights, preferences and restrictions attached to each class of shares

The Company has only one class of equity shares, having par value of Rs.10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders.

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 the equity shareholders.



AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2021

[Rs. In Lakhs]

e) Details of shareholders holding more than 5% equity shares in the Company

Equity Shares	Year ended March 31, 2021	Year ended March 31, 2020
Rico Auto Industries Limited, Holding Company		
Equity shares of Rs 10/- each fully paid up	No. of shares 50000.00	50000.00
	% of holding 1.00	1.00

The above information is furnished as per the shareholders register as on March 31, 2021.

f) The Company has not issued bonus shares, equity shares issued for considerations other than cash and also no shares has been bought back during the period of five years immediately preceding the reporting period.

	As at March 31, 2021	As at March 31, 2020
16 Other equity		
Retained earnings		
As per last Balance Sheet	(474.26)	(279.25)
Add : Profit/(Loss) transferred from Statement of Profit and Loss	(81.95)	(195.01)
Net retained earnings	(556.21)	(474.26)
Other comprehensive income		
As per last Balance Sheet	(0.30)	0.00
Add : Additions during the year	0.51	(0.30)
Closing balance	0.21	(0.30)
Total Other Equity	(556.00)	(474.56)
17 Long term borrowings		
Unsecured		
From Companies :		
*Rupee Loan - Related parties (Refer note no 37)	740.31	523.37
Less : Current maturities of long term unsecured borrowings	(123.78)	(114.35)
Total	616.53	409.02
* Rico Auto Industries Limited (Holding Company)		
As per Aggrement, term loan is for 10 years with a moratorium period of 6 years. Rico Auto Industries Limited is charging effective interest @8.75% p.a., loan is payable in equal 16 quarterly installment starting from June, 30,2020.		
The loan balance outstanding also includes the accumulated accrued interest of Rs.169.76 lacs		
* Rico Fluidtronics Limited		
As per Aggrement, term loan is for 8 years and interest is payable @8% p.a.		
18 Non current financial liabilities		
Lease Liability as per Ind AS 116	46.72	0.00
Less :- Current Maturities of lease liability	(11.99)	0.00
Total	34.73	0.00
19 Long term provisions		
Provision for Gratuity (Refer note no. 36)	12.16	11.61
Provision for compensated absences (Refer note no. 36)	1.11	1.06
Total	13.27	12.67
20 Deferred tax liabilities/(assets) (net)		
Deferred tax liabilities arising on account of :		
Depreciation	8.68	9.61
Less:-		
Deferred tax (asset) arising on account of :		
Employee Benefits	3.41	3.35
Provision for Inventory	1.14	0.00
MAT Credit Entitlement	3.00	2.99
Net Deferred tax liabilities/(assets)	1.13	3.27



For the period ended March 31, 2021

Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognized/ reversed through profit and loss	Recognized/ reversed through OCI/Equity	Closing balances
Property, plant and equipment, investment property and intangible assets	9.62	(0.94)		8.68
Provision for employee and others liabilities deductible on actual payment	(3.35)	(0.23)	0.17	(3.41)
Provision for Inventory Diminution		(1.14)		(1.14)
MAT Credit Entitlement	(3.00)			(3.00)
Net deferred tax assets/(liabilities)	3.27	(2.31)	0.17	1.13

For the period ended March 31, 2020

Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognized/ reversed through profit and loss	Recognized/ reversed through OCI/Equity	Closing balances
Property, plant and equipment, investment property and intangible assets	(3.12)	12.74	0.00	9.62
Provision for employee and others liabilities deductible on actual payment	0.00	(3.25)	0.10	(3.35)
MAT Credit Entitlement	(3.00)	0.00	0.00	(3.00)
Net deferred tax assets/(liabilities)	(6.12)	9.49	0.10	3.27

As at
March 31, 2021

As at
March 31, 2020

21 Short term borrowings

Secured*

Working Capital Loans from Banks :

Cash credit & Overdraft

	104.39	117.98
	104.39	117.98

* Secured against exclusive charge by way of hypothecation on current assets and movable fixed assets, immovable properties and irrevocable corporate guarantee of Rico Auto Industries Limited.

22 Trade payables

Due to Micro & Medium Enterprises (Refer Note No. 38)

	2.91	0.00
--	------	------

Others

Other than Acceptances

	6.20	3.88
--	------	------

Due to related parties (Refer Note No. 37)

	133.41	0.00
--	--------	------

Other Payables

	4.96	1.13
--	------	------

	147.48	5.01
--	---------------	-------------

23 Other current financial liabilities

Current maturities of long term loans

	123.78	114.35
--	--------	--------

Current Maturities of lease liability

	11.99	0.00
--	-------	------

Employee Benefits Payable

	3.85	4.11
--	------	------

Interest Payable

	23.72	0.00
--	-------	------

	163.34	118.46
--	---------------	---------------

24 Short term provisions

Provision for Gratuity (Refer note no. 36)

	0.22	0.20
--	------	------

Provision for compensated absences (Refer note no. 36)

	0.06	0.06
--	------	------

	0.28	0.26
--	-------------	-------------

25 Other current liabilities

Statutory Liabilities

	3.00	1.19
--	------	------

Others

	0.02	0.21
--	------	------

	3.02	1.40
--	-------------	-------------



	Year ended March 31, 2021	Year ended March 31, 2020
26 Revenue from operations		
Sales of Products	894.63	193.15
Sale of Scrap & Others	7.44	1.10
	<u>902.07</u>	<u>194.25</u>
27 Other income		
Interest Income	5.66	0.29
Profit on sales of fixed assets	0.11	1.83
Miscellaneous Income	0.00	0.13
	<u>5.77</u>	<u>2.25</u>
28 Cost of material consumed		
Raw Materials & Components		
Opening Stock	3.55	3.55
Add : Purchase during the year	790.41	183.78
Less : Provision for diminution - RM	1.58	
Less : Closing Stock	41.07	3.55
Raw Material & Components Consumed	<u>751.31</u>	<u>183.78</u>
29 Changes in inventories of finished goods and work in progress		
(a) Work-in-Process		
Opening Stock	22.21	1.42
Less : Provision for diminution - WIP	1.42	0.00
Closing Stock	3.85	22.21
	<u>16.94</u>	<u>(20.79)</u>
(b) Finished Goods		
Opening Stock	1.53	1.53
Less : Provision for diminution - FG	1.53	0.00
Closing Stock	1.53	1.53
	<u>1.53</u>	<u>0.00</u>
Total	<u>18.47</u>	<u>(20.79)</u>
30 Other manufacturing expenses		
Consumption of Stores & Spares		
Electrical & Mechanical Spares Consumed	2.14	0.00
Others Stores & Spares Consumed	18.85	3.33
Sub Contractor Expenses	26.03	13.90
Power & Fuel	13.22	2.49
	<u>60.24</u>	<u>19.72</u>
31 Employee benefits expense		
Salaries, wages and bonus	26.39	32.97
Contribution to provident and other funds	2.68	3.09
Employee welfare and insurance expenses	1.02	0.38
	<u>30.09</u>	<u>36.44</u>
32 Finance costs		
Interest expenses on :-		
Interest on Leases	0.35	0.00
Interest expenses on Bank Borrowings	14.34	11.32
Interest expenses on Other Borrowings	62.85	43.41
Other borrowing costs	11.43	40.80
	<u>88.97</u>	<u>95.53</u>



AAN Engineering Industries Limited
Notes to the financial statements for the year ended March 31, 2021

	Year ended March 31, 2021	[Rs. In Lakhs] Year ended March 31, 2020
33 Other expenses		
Rent	5.64	23.68
Repairs & Maintenance		
- Buildings	3.32	0.00
- Others	0.52	0.26
Insurance	1.16	1.01
Rates & Taxes	0.32	0.98
Travelling & Conveyance	1.80	1.50
Legal and Professional	6.97	23.27
Payment to Auditors*	1.01	1.00
Freight and forwarding	0.20	0.00
Vehicle running and maintenance expenses	1.71	1.62
Line Rejection and re-work charges	1.84	0.00
Miscellaneous Expenses	0.30	0.35
	<u>24.79</u>	<u>53.67</u>
* Payment to the auditors comprises :		
Statutory Audit (including limited reviews)	0.75	0.75
Tax Audit	0.25	0.25
Others	0.01	0.00
	<u>1.01</u>	<u>1.00</u>
34 Income Tax Expenses		
(a) Income Tax Expenses		
Current Tax		
Current tax on profit for the Year	-	-
Adjustments for current tax of prior periods on completion of assessment	-	-
Total Current tax	<u>-</u>	<u>-</u>
Deferred tax		
Decrease / (increase) in deferred tax assets (net)	(2.31)	9.49
Total Deferred tax	<u>(2.31)</u>	<u>9.49</u>
Total Income Tax Expense	<u>(2.31)</u>	<u>9.49</u>
(b) Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate		
Profit/(Loss) from continuing operations before income tax expense	(84.26)	(185.52)
Tax at India's tax rate of 25.168% (PY 25.168%)	(21.21)	(46.69)
Tax effect of Other Adjustments	18.90	56.18
	<u>(2.31)</u>	<u>9.49</u>



AAN Engineering Industries Limited

Notes to financial Statements for year ended on 31st March, 2021

Note - 35: Earning per share (EPS)

Earning Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 issued by The Institute of Chartered Accountants of India:-

	<u>31st March, 2021</u>	<u>31st March, 2020</u>
Net Profit/(Loss) as per Statement of Profit & Loss (Rs. in Lakhs)	(81.95)	(195.01)
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	50,000	50,000
Number of shares - Diluted (Nos.)	50,000	50,000
Basic Earning Per share (Rs.)	(163.90)	(390.02)
Diluted Earning Per share (Rs.)	(163.90)	(390.02)

Note - 36: Retirement and Other Employee Benefits

	<u>31st March, 2021</u>	<u>31st March, 2020</u>
a) Defined contribution plans		
Provident fund and other funds:		
Employer's contribution to provident fund	1.25	1.36
b) Defined benefit plans		

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year.

Gratuity Plan:

I (i) Change in Present Value of benefit obligations :

Present value of obligation at the beginning (A)	11.81	10.48
Current Service Cost (B)	0.46	0.46
Interest Cost (C)	0.80	0.80
Actuarial (gain)/ loss (D)	(0.69)	0.39
Benefits Paid (E)	-	(0.32)
Past Service Cost including curtailment Gains/Losses (F)	-	-
Present value of obligations at the end(F=A+B+C+D+E+F)	12.38	11.81

(ii) Change in plan assets :

Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-
Fair value of plan assets as on at the end (F=A+B+C+D+E)	-	-

(iii) Net Liabilities/ (Assets) (i-ii)

	12.38	11.81
--	-------	-------

(iv) Net gratuity cost for the year ended:

In Statement of Profit & Loss A/c		
Current Service Cost (A)	0.46	0.46
Interest cost (B)	0.80	0.80
Expected return on plan assets (C)	-	-
Past Service Cost including curtailment Gains/Losses (D)	-	-
In Statement of Other Comprehensive Income		
Actuarial (gain)/Loss recognised in the year (E)	(0.69)	0.39
Net gratuity cost (E=A+B+C+D+E)	0.57	1.65

(v) Bifurcation of Projected Benefit Obligation at the end of year as per Schedule III to the Companies Act, 2013

Current Liability (Amount due within one year)	0.22	0.20
Non-Current Liability (Amount due over one year)	12.16	11.61
Total Projected Benefit Obligation at the end of year	12.38	11.81



AAN Engineering Industries Limited

Notes to financial Statements for year ended on 31st March, 2021

(vi) Sensitivity analysis for gratuity liability

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

	31st March, 2021		31st March, 2020	
	Increased	Decreased	Increased	Decreased
Impact of change in discount rate (+/- 0.5%)	(0.20)	0.20	(0.25)	0.25
Impact of change in salary (+/- 0.5%)	0.21	(0.21)	0.25	(0.25)

Leave Encashment Plan:

	31st March, 2021	31st March, 2020
II (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	1.12	0.91
Current Service Cost (B)	0.06	0.07
Interest Cost (C)	0.08	0.07
Actuarial (gain)/ loss (D)	(0.08)	0.20
Benefits Paid (E)	-	(0.13)
Past Service Cost including curtailment Gains/Losses (F)	-	-
Present value of obligations at the end (F=A+B+C+D+E+F)	1.18	1.12
(ii) Change in plan assets :		
Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-
Fair value of plan assets at the end (F=A+B+C+D+E)	-	-
(iii) Net Liability/(Assets) (i-ii)	1.18	1.12
(iv) Net Leave Encashment for the year ended :		
Current Service Cost (A)	0.06	0.07
Interest cost (B)	0.08	0.07
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	(0.08)	0.20
Past Service Cost including curtailment Gains/Losses (E)	-	-
Net Leave Encashment cost (E=A+B+C+D+E)	0.06	0.34
(v) Bifurcation of PBO at the end of year as per Schedule III to the Companies Act, 2013		
Current Liability (Amount due within one year)	0.06	0.06
Non-Current Liability (Amount due over one year)	1.12	1.06
Total PBO at the end of year	1.18	1.12

Principal Actuarial Assumptions

The Principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below :

	Gratuity Plan and Leave Encashment Plan 31st March, 2021	Gratuity Plan and Leave Encashment Plan 31st March, 2020
	(%)	(%)
Discount rate	6.80%	6.80%
Salary escalation rate	5.50%	5.50%



AAN Engineering Industries Limited
Notes to financial Statements for year ended on 31st March, 2021

Note - 37: Related party disclosures

1. Related parties where control exists

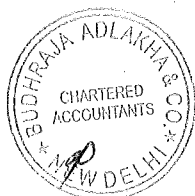
Names of related parties and related party relationship

Holding company:	Rico Auto Industries Ltd.
Step down subsidiaries of holding company:	Rasa Autocom Ltd. Rico Aluminum & Ferrous Auto Components Ltd. Rico Jinfei Wheels Ltd.
Subsidiaries of holding Companies	Rico Auto Industries Inc. USA Rico Auto Industries (UK) Limited, UK Rico investment limited Rico Fluidtronics Limited Rico Friction Technologies Private Ltd
Key Managerial Personnel	Shri Ish Mohit Pannu
Other Related Parties (Entity in which KMP of Holding Company and their relatives exercise significant influences)	ASN Manufacturing and Services Pvt Ltd Kapros Engineering Industries Limited Magpie Manufacturing and Tech Private Limited Meraki Manufacturing and Finvest Advisors Private Limited Higain Investments Private Limited Ishvara Manufacturing & Finvest Advisors Private Limited Ishvara Exim LLP ASN Properties Private Limited
KMP of Holding Company	Shri Arvind Kapur Shri Arun Kapur

2. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	31st March, 2021	31st March, 2020
	[Rs. In Lakhs]	[Rs. In Lakhs]
(i) RICO Auto Industries Ltd, Holding Co.		
Material Purchase (Net of GST)	790.28	184.60
Electricity Expenses (Net of GST)	13.22	10.79
Rent Paid (Net of GST)	13.54	23.68
Reimbursement of expenses	2.05	2.50
Manpower Expenses	-	1.32
Interest Paid	48.22	43.41
Sales of Component & Scrap	882.04	191.64
Sales of Machine	1.50	60.21
Loans (taken) payable	270.55	353.61
Interest accrued but not due on borrowings	169.76	169.76
Balance Receivable / (payable)	(133.40)	12.46
(ii) Rico Aluminium and Ferrous Auto Components Limited, Subsidiary Co.		
Components Sale	10.47	1.50
Scrap Sales	7.44	-
Components Purchase	0.26	1.00
Employees Cost	-	2.17
Balance Receivable	4.58	-
(iii) ASN Manufacturing and Services Pvt Ltd		
Recovery of Electricity	-	23.81
Recovery of Manpower	-	8.31
(iv) Rico Fluidtronics Limited		
Loan Taken	300.00	-
Interest Paid	14.63	-



AAN Engineering Industries Limited
Notes to financial Statements for year ended on 31st March, 2021

[Rs. In Lakhs]

Note - 38: Detail of dues to micro and small enterprises as defined under the MSMED Act, 2006

	<u>31st March, 2021</u>	<u>31st March, 2020</u>
Balance payable	-	-
Interest Payable	-	-

Note - 39: Composition of imported and indigenous raw material (including compo

		<u>31st March, 2021</u>	<u>31st March, 2020</u>
Aluminium and Ferrous			
-Indigenous	Value	751.31	183.78
	% of total consumption	100%	100%
Stores and spare parts			
-Indigenous	Value in	18.85	3.33
	% of total consumption	100%	100%

Note - 40: Capital and other commitments

<u>31st March, 2021</u>	<u>31st March, 2020</u>
Nil	Nil

Note - 41: Contingent Liabilities

	<u>31st March, 2021</u>	<u>31st March, 2020</u>
a. Claims against the company not acknowledged as debts	Nil	Nil
b. Guarantees issued by Bank on behalf of the Company and outstanding.	319.74	3,917.31

Note - 42 : Financial instruments and risk management

42.1 A Financial Instruments by Category

	March 31, 2021		March 31, 2020	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets*				
<i>Non Current</i>				
Other financial assets	-	305.00	-	1.06
<i>Current</i>				
Trade Receivables	-	6.93	-	14.77
Cash and Cash Equivalents	-	10.21	-	9.88
Other financial assets	-	10.87	-	12.36
Total financial assets	-	333.01	-	38.07
Financial liabilities				
<i>Non Current</i>				
Borrowings (excluding current maturities)	-	616.53	-	409.02
Other Financial Liabilities	-	34.73	-	-
<i>Current</i>				
Short term borrowings	-	104.39	-	117.98
Trade payables	-	147.48	-	5.01
Other Financial Liabilities (including current maturities)	-	163.34	-	118.46
Total financial liabilities	-	1,066.47	-	650.47



AAN Engineering Industries Limited**Notes to financial Statements for year ended on 31st March, 2021****42.1.a Fair value hierarchy**

The fair value of financial instruments as referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements]. The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

42.1.b Financial assets and liabilities measured at fair value - recurring fair value measurements

Financial assets at fair value through profit or loss	As at	Level 1	Level 2	Level 3	Total
Current Investment in Mutual Funds	March 31,2021	-	-	-	-
Current Investment in Mutual Funds	March 31,2020	-	-	-	-

42.1.c Valuation technique used to determine fair value

The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

Note: There were no specific financial instruments which were fair valued using level 3 indicators hence no unobservable inputs.

Note: Management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost approximate their fair values.

42.2 Financial risk management

The Company, is exposed to various market risks, credit risk and liquidity risk. The laid down processes, periodic communication, control framework and management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risk in which the company is exposed to and how it manages the risk.

42.2.A Market risk:**a. Price risk:**

The Company is using aluminium and ferrous items for production of various products. Fluctuation in commodity prices in global market affects directly and indirectly the price of raw material and components used by the Company in manufacturing its various product segments. Further, Pricing pressure from its major Customer to give price cuts and the inability to pass on the increased cost of inputs to the customers may also affect the profitability of the company. The Price risk arises due to fluctuation in prices of these commodities.

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices. The Company's commodity risk is managed centrally through well-established trading operations and control processes. Further, the Company is having arrangement with major customer for actualization of raw material price variations periodically.

b. Foreign currency risk:

Foreign currency risk arise from monetary receivables and obligations expressed in a currency other than functional currency of the Company. Primarily the Company is catering to customers in local currency.

The derivative instruments and unhedged foreign currency exposure is as follows:

(i) Derivatives outstanding as at the reporting date

Particulars / Purpose	Currency	March 31, 2021	March 31, 2020
Forward Contract (Buy)	-	Nil	Nil



(ii) Particulars of unhedged foreign exposure as at the reporting date

The Company does not have unhedge foreign currency at the end of reporting period.

c. Interest rate risk:

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation at floating interest rates.

The exposure of the Company's borrowing at variable rate and fixed rate at the end of reporting period are as follows:

Particulars	March 31, 2021	March 31, 2020
Variable rate borrowings	-	-
Fixed rate borrowings	720.92	527.00
Total borrowings	720.92	527.00

Profit / loss is sensitive to higher / lower interest expense from borrowings as a results of changes in interest rates. Holding all other variable constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rate on floating portion of borrowings.

		For the year ended March 31, 2021	For the year ended March 31, 2020
Variable rate borrowings	Interest rate increase by 0.5%	Nil	Nil
	Interest rate decrease by 0.5%	Nil	Nil

42.2.B Credit Risk :

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Company and arises principally from the Company's receivables from customers and liquid investments with banking institutions / mutual funds. The maximum amount of the credit exposure is equal to the carrying amounts of these receivables.

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customer, is its ultimate holding company with good credit rating . Other customers are subjected to credit assessments as a precautionary measure, and the adherence of all customers to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default.

42.2.C Liquidity risk:

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities.

The Company manages liquidity risk by maintaining availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

(a) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.



AAN Engineering Industries Limited

Notes to financial Statements for year ended on 31st March, 2021

	0- 3 months	3 - 6 months	6 months - 1 Year	1 - 3 Years	More than 3 years	Total
As at March 31, 2021						
Borrowing	58.89	30.55	63.42	287.45	300.00	740.31
Trade Payable (Goods, Service & Capital Goods)	147.48					147.48
Total	206.37	30.55	63.42	287.45	300.00	887.79
	0- 3 months	3 - 6 months	6 months - 1 Year	1 - 3 Years	More than 3 years	Total
As at March 31, 2020						
Borrowing	27.01	27.68	57.45	260.42	150.82	523.37
Trade Payable (Goods, Service & Capital Goods)	3.88					3.88
Total	30.89	27.68	57.45	260.42	150.82	527.25

42.3 Capital management

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity. The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total equity. The Company's policy is to keep an optimum gearing ratio. The Company includes within debt, interest bearing loans and borrowings.

A. Net Debt (Total Debt less cash and cash equivalents) divided by Total equity

Particulars	As at March 31, 2021	As at March 31, 2020
Debt	844.70	641.35
Cash and cash equivalent	(10.00)	(9.88)
Net Debts	834.70	631.47
Total Equity	(551.00)	(469.56)
Net debts to Total Equity	(1.52)	(1.35)

Loan covenants

The Company is in compliant with all the loan covenants on all the borrowings outstanding as on the financial statements date except the 4th installment of loan from RICO Auto which was due in the month of April 2021. The amount of Installment was Rs 51.09 Lacs including interest of rs 11.00 Lacs. Further Interest on Loan taken from Rico Fluidtronics limited amounted Rs 14.63 Lacs , which was due on thirty days from end of each quarter, was also not paid by the company.

B. Dividends

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<i>On Equity share of Rs.10 each</i>		
Final Dividend		
- Amount of dividend paid	Nil	Nil
- Dividend per equity share	Nil	Nil
Interim Dividend		
- Amount of dividend paid	Nil	Nil
- Dividend per equity share	Nil	Nil



AAN Engineering Industries Limited
Notes to financial Statements for year ended on 31st March, 2021

43 Segment wise revenue, results and capital employed

a. As the Company's business activity falls within a single primary business segment viz. "manufacturing and sale of auto components for two wheelers and four wheelers", hence, the company has only one primary reportable business segment.

b. Secondary segment: Geographical- No such reporting required as company is operating in India only.

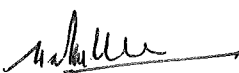
44 Going Concern

The Company has reported a net loss of Rs 84.52 Lacs during the current year and its total accumulated losses are Rs 556 Lacs as at 31st March 2021. The company has been making losses since inception due to which its net-worth is eroded completely. However, the accompanying financial statements have been prepared on a going concern basis, as the management is confident of the company's ability to continue as a going concern for the foreseeable future in view of some government tenders which are expected to be awarded to it. Further the Company's Holding Company has pledged Financial support, through a support letter, in case any difficulty is faced by the Company, in meeting its Financial commitments its commitments for the next twelve months from the date of the Balance Sheet.

45 Previous year figures

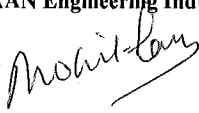
Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

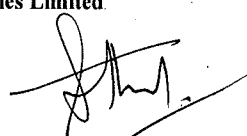
In terms our report attached
For Budhraj Adlakha & Co.
Chartered Accountants
Firm Reg. No. 005154N


Nalin Kumar Budhraj
(Partner)
Membership No. 084310



For and on behalf of the Board of Directors of
AAN Engineering Industries Limited


Ish Mohit Pannu
Director
DIN: 07181747


Naresh Kumar Sethi
Director
DIN: 00202498

Place : Gurugram

Dated : 18.6.21

Rico Auto Industries Inc., USA					
Profit & Loss Account as on 31/03/2021					
		@ 72.79		@ 69.87	
Particulars	Schedule No.	Period Ended Mar 31, 2021 - US\$	Period Ended Mar 31, 2021 - INR	Period Ended Mar 31, 2020 - US\$	Period Ended Mar 31, 2020 - INR
		Audited	Audited	Audited	Audited
INCOME					
Sales - Components	12	18353766	1335899030	19689630	1397766812
Sales - Scrap					
Sales - Tooling & Other Income		0	0	0	0
		18353766	1335899030	19689630	1397766812
EXPENDITURE					
Manufacturing & Other Expenses	13	18085351	1316362183	19429746	1379317719
Financial Charges	14	5190	377760	5800	411742
Miscellaneous Expenditure written off		0	0	0	0
		18090541	1316739943	19435546	1379729461
Profit before Depreciation		263225	19159087	254083	18037351
Depreciation		390	28398	391	27757
Profit After Depreciation		262835	19130689	253692	18009594
		1.43%	1.43%	1.29%	1.29%
Provision for Income Tax		-20651	-1503082	79130	5617439
Provision for Deferred Tax		-41073	-2989543	0	0
Reversal of Deffered Tax Assets		0	0	0	0
Profit After Tax		324558	23623315	174562	12392155
Less : Previous Year Income tax paid		0	0	0	0
Amount Available for Appropriations		324558	23623315	174562	12392155
	%	1.77%	1.77%	0.89%	0.89%
APPROPRIATIONS					
Balance carried over to Balance Sheet		324558	23623315	174562	12392155
		324558	23623315	220828	15429250

Rico Auto Industries Inc.,USA						
Schedule of Profit & Loss Account as on 31/03/2021						
Particulars		@ 72.79			@ 69.87	
		Period Ended Mar 31, 2021 - US\$	Period Ended Mar 31, 2021 - INR		Period Ended Mar 31, 2020 - US\$	Period Ended Mar 31, 2020 - INR
		Audited	Audited		Audited	Audited
Schedule 12 - Sales & other Income						
Sales - Components		18,353,766	1,335,899,030		19,689,630	1,397,766,812
Sales - Tooling		-	-		-	-
Sales - Other Income		-	-		-	-
	i	18,353,766	1,335,899,030		19,689,630	1,397,766,812
Schedule 13 - Manufacturing & Other Expenses						
Cost of material consumed						
Purchases of Raw Materials		17,312,719	1,260,155,173		18,412,187	1,304,924,535
Add : Opening Finished Goods		2,637,226	193,796,542		3,168,416	237,789,628
Less : Closing Finished Goods		2,679,981	196,938,382		2,637,226	197,923,800
Net Raw Materials consumed		17,269,964	1,257,013,333	94.09	18,943,377	1,344,790,362
Components (USA)		-	-	-	-	-
Purchase Tooling (Rico India)		-	-	-	-	-
Balance Written Off		-	-	-	-	-
Job Work Charges		-	-	-	-	-
Consumables		-	-	-	-	-
Packing Materials		-	-	-	-	-
Warehousing Expenses	b	200,212	14,572,632	1.09	200,779	14,253,327
		17,470,176	1,271,585,966		19,144,157	1,359,043,689
Administrative Expenses						
Audit Fees		8,330	606,308	0.05	9,181	651,759
Legal & Professional	g	9,172	667,581	0.05	46,577	3,306,484
Fees & Taxes		692	50,396	0.00	954	67,740
Rent		11,400	829,762	0.06	11,400	809,286
Insurance (Warehouse & Worker Policy)	f	14,409	1,048,758	0.08	14,087	1,000,038
Bond service & premium		-	-	-	-	-
Administration Expenses		-	-	-	-	-
		44,003	3,202,805		82,199	5,835,308
General Expenses						
Travelling Expenses		-	16	-	2,410	171,073
Printing & Stationary		47	3,457	0.00	335	23,775
Telephone Expenses		4,324	314,703	0.02	6,243	443,196
Postage & Courier		22	1,601	0.00	1,582	112,288
General Expenses + Short & Excess		28	2,073	0.00	624	44,275
		4,422	321,850		11,193	794,607
Income Tax paid						
		-	-	-	-	-
Selling Expenses						
Sales Promotion		2,538	184,746	0.01	68,016	4,828,473
Freight Charges		461,731	33,607,591	2.52	-	-
Repair Maintenance Others		2,951	214,774	0.02	-	-
Salaries (Jeffrey Thielen)	h	99,531	7,244,452	0.54	124,181	8,815,643
Provi. For Uncollectible D/D		-	-	-	-	-
		566,751	41,251,563		192,198	13,644,115
		18,085,351	1,316,362,183		19,429,746	1,379,317,719
Schedule 14 - Financial Charges						
Bank Interest - JPMorgan		-	-	-	-	-
Bank Charges		5,190	377,760	0.03	5,800	411,742
		5,190	377,760	4.47	5,800	411,742

Rico Auto Industries Inc.,USA					
Balance Sheet as on 31/03/2021					
		@ 72.79		@ 69.87	
Particulars	Schedule No.	Period Ended Mar 31, 2021 - US\$ Audited	Period Ended Mar 31, 2021 - INR Audited	Period Ended Mar 31, 2020 - US\$ Audited	Period Ended Mar 31, 2020 - INR Audited
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
Share Capital	1	25,000	1,216,850	25000	1216850
Exchange Equilisation Reserve			29,454,995		23069060
Reserves & Surplus		4,264,008	284,477,198	3939450	273246038
Loan Funds	3	-	-	0	0
TOTAL		4,289,008	315,149,043	3964450	297531948
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	3,822	280,828	3822	286809
Less : Depreciation		3,708	272,494	3318	249016
Net Block		113	8,334	504	37793
INVESTMENTS	5	-	-	0	0
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	5,897,302	433,363,267	4434395	332801361
Account Receivables	7	3,909,500	287,289,602	4146489	311193987
Cash & Bank Balances	8	619,108	45,495,135	14972	1123645
Loans & Advances	9	61,972	4,554,021	128851	9670287
		10,487,882	770,702,024	8724707	654789281
Less : Current Liabilities & Provisions	10	6,198,988	455,561,316	4760761	357295126
Net Current Assets		4,288,895	315,140,709	3963946	297494155
Deffered Tax Assets		-	-	0	0
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11	-	-	0	0
TOTAL		4,289,008	315,149,043	3964450	297531948

Rico Auto Industries Inc., USA					
Schedule of Balance Sheet as on 31/03/2021					
Particulars	@ 72.79		@ 69.87		
	Period Ended Mar 31, 2021 - US\$	Period Ended Mar 31, 2021 - INR	As at Mar 31, 2020 - US\$	Period Ended Mar 31, 2020 - INR	
	Audited	Audited	Audited	Audited	
Schedule 1 - Share Capital					
AUTHORISED					
2500 Equity Shares US\$ 10 Par	25000	1182250	25000	1182250	
ISSUED , SUBSCRIBED AND PAID-UP					
2500 Equity Shares US\$ 10 Par	25000	1216850	25000	1216850	
(Previous Period 2500 Equity Shares US\$ 10 Par)					
Exchange Fluctuation					
	25000	1216850	25000	1216850	
Schedule 2 - Reserves & Schedules					
SURPLUS					
As per Last Balance Sheet	3939450	260853883	3764888	260853883	
Add : Transferred from Profit & Loss Account	324558	23623315	174562	12392155	
	4264008	284477198	3939450	273246038	
Schedule 3- Loan Funds					
	0	0.00	0	0	
	0	0	0	0	
Schedule 4- Fixed Assets					
	3822	280828	3822	286809	
	3822	280828	3822	286809	
Schedule 5- Investments					
	0	0	0	0	
	0	0	0	0	
Schedule 6- Inventories					
(As valued and certified by the Management)					
Goods in Transit	3217322	236424885	1797169	134877561	
Finished Goods	2679981	196938382	2637226	197923800	
Packing Materials	0	0	0	0	
	5897302	433363267	4434395	332801361	
Schedule 7 - Sundry Debtors					
(Unsecured considered good)					
Advance to Vendors	0	0	5484	411595	
Other Debts	d	3909500	287289602	4141005	310782392
Less : Provision for Uncollectibles		0	0	0	0
	3909500	287289602	4146489	311193987	
Schedule 8 - Cash and bank Balances					
Balances with scheduled banks					
In current accounts	619108	45495135	14972	1123645	
	619108	45495135	14972	1123645	
Schedule 9 - Loans and Advances					
(Unsecured considered good)					
Advances recoverable in cash or in kind or for value to be received	e	9511	698884.24	8854	664472
Security Deposit Refundable	j	950	69811	950	71298
Custom Duty Refundable		48312	3550174	64048	4806768
Advance Tax (Non Current Assets)		3200	235152	55000	4127750
		61972	4554021	128851	9670287
Schedule 10 - Current Liabilities and Provisions					
Sundry Creditors - Trade	c	6203764	455883574	4636962	348003998
Advance from Customer		0	0	0	0
Expenses Payable	a	22724	1669873	26587	1995354
Deferred Tax Assets/Liability		-41073	-2989543	30943	2322272
Income Tax Provision- for the year till date		13573	997412	66269	4973501
		6198988	455561316	4760761	357295126
Schedule 11 - Miscellaneous Expenditure					
(to the extent not written off or adjusted)					
		0	0	0	0
		0	0	0	0

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
FOR
RICO AUTO INDUSTRIES (UK) LIMITED**

RICO AUTO INDUSTRIES (UK) LIMITED
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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RICO AUTO INDUSTRIES (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021**

DIRECTORS:	Arvind Kapur OM Prakash Aggarwal Shri Naresh Kumar Sethi Sandeep Rajpal Rakesh Kumar Sharma
REGISTERED OFFICE:	Unit 1, Lewis House 99 Victoria Road London NW10 6DJ
REGISTERED NUMBER:	04975219 (England and Wales)
SENIOR STATUTORY AUDITOR:	Khurram Masood Ahmed Khan
AUDITORS:	Agnon LLP (Statutory Auditor) Kelvin House Kelvin Way Crawley RH10 9WE
BANKERS:	Barclays Bank Plc London Corporate Banking 99, Hatton Garden London EC IN 8DN, United Kingdom

RICO AUTO INDUSTRIES (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their strategic report for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company in the year under review was that of sale and distribution of auto components manufactured by its parent company, Rico Auto Industries Limited, and to provide support services including customer management and logistic services.

The company's financial and other performance indicators during the year were turnover, operating profit and shareholders' funds.

Turnover has decreased by 10.1% from £625,712 to £562,303. Operating loss has decreased by 45.5% from £37,653 to £20,529. Shareholders' funds have decreased by 2.8% from £724,584 to £704,055.

The directors intend to promote the principal activities and continue to seek growth through improved products.

PRINCIPAL RISKS AND UNCERTAINTIES

From time to time, the risks faced by the company are considered. The principal risks and uncertainties faced by the company is that relating to foreign currency exposure.

CURRENCY RISK

Almost all of the products sold are purchased in a foreign currency. As such the profitability of the company can be affected by movements in exchange rates, however majority of sales are also made in same foreign currency as that of purchase.

The company manages liquidity and credit risk by focussing on cash generation of its operations and applying cash collection targets.

RICO AUTO INDUSTRIES (UK) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

BUSINESS RISK

The ongoing development of the UK's trading relationship with the EU, subsequent to the end of the Brexit transition period during the year, and a failure to prepare all eventualities could have an adverse effect on our primary business, its financial results and operations. The Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address challenges as appropriate.

The Company is, by virtue of sale and distribution of auto components manufactured by its parent company, exposed to the impact of the pandemic.

The Company's principal business relationships are with external automotive companies which, by nature of their business, have been also been affected by the Government coronavirus measures.

The impact of the pandemic for the financial year on the Company has been reflected in the Company's financial statements for the year ended 31 March 2021. The wider Rico Group continues to assess, monitor and, where possible mitigate the risks and impacts of the pandemic upon the Company and its stakeholders, particularly as restrictions are eased in line with the UK Government roadmap.

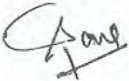
ON BEHALF OF THE BOARD:



.....
Rakesh Kumar Sharma - Director

Date:

12/06/2021



RICO AUTO INDUSTRIES (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

Arvind Kapur
OM Prakash Aggarwal
Shri Naresh Kumar Sethi
Sandeep Rajpal
Rakesh Kumar Sharma

GOING CONCERN

It is the current intention of the Company's parent undertaking, Rico Auto Industries Limited, to continue to financially support the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for at least twelve months from the date of signing these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

RICO AUTO INDUSTRIES (UK) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

AUDITORS

The auditors, Agnon LLP (Statutory Auditor), will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
Rakesh Kumar Sharma - Director

Date: 12/06/2021
.....



		2020/21	2019/20
Revenue		2,501,000	2,501,000
Cost of sales		(2,200,000)	(2,200,000)
Gross profit		301,000	301,000
Operating expenses		(200,000)	(200,000)
Operating profit		101,000	101,000
Finance income		10,000	10,000
Finance expense		(10,000)	(10,000)
Profit before tax		101,000	101,000
Income tax expense		(10,000)	(10,000)
Profit for the year		91,000	91,000
Dividends paid		(91,000)	(91,000)
Retained profit		0	0

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICO AUTO INDUSTRIES (UK) LIMITED**

Opinion

We have audited the financial statements of Rico Auto Industries (UK) Limited (the 'company') for the year ended 31 March 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICO AUTO INDUSTRIES (UK) LIMITED**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICO AUTO INDUSTRIES (UK) LIMITED**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the UK Companies Act as applied to the Company; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house / external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICO AUTO INDUSTRIES (UK) LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Khurram Masood Ahmed Khan (Senior Statutory Auditor)
for and on behalf of Agnon LLP (Statutory Auditor)
Kelvin House
Kelvin Way
Crawley
RH10 9WE

12 June 2021

RICO AUTO INDUSTRIES (UK) LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
TURNOVER	3	562,303	625,712
Cost of sales		<u>(552,259)</u>	<u>(622,867)</u>
GROSS PROFIT		10,044	2,845
Administrative expenses		<u>(40,573)</u>	<u>(40,498)</u>
		(30,529)	(37,653)
Other operating income		<u>10,000</u>	<u>-</u>
OPERATING LOSS and LOSS BEFORE TAXATION		(20,529)	(37,653)
Tax on loss	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(20,529)</u>	<u>(37,653)</u>

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
LOSS FOR THE YEAR		(20,529)	(37,653)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(20,529)</u>	<u>(37,653)</u>

The notes form part of these financial statements

BALANCE SHEET
31 MARCH 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	7	259	380
CURRENT ASSETS			
Stocks	8	154,911	146,466
Debtors	9	544,470	668,010
Cash in hand		22,455	26,593
		<u>721,836</u>	<u>841,069</u>
CREDITORS			
Amounts falling due within one year	10	(18,040)	(116,865)
NET CURRENT ASSETS			
		<u>703,796</u>	<u>724,204</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>704,055</u>	<u>724,584</u>
CAPITAL AND RESERVES			
Called up share capital	12	20,000	20,000
Retained earnings	13	684,055	704,584
SHAREHOLDERS' FUNDS			
		<u>704,055</u>	<u>724,584</u>

The financial statements were approved by the Board of Directors and authorised for issue on 12 June 2021 and were signed on its behalf by:

Rakesh Kumar Sharma - Director

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	20,000	742,237	762,237
Changes in equity			
Total comprehensive income	-	(37,653)	(37,653)
Balance at 31 March 2020	<u>20,000</u>	<u>704,584</u>	<u>724,584</u>
Changes in equity			
Total comprehensive income	-	(20,529)	(20,529)
Balance at 31 March 2021	<u><u>20,000</u></u>	<u><u>684,055</u></u>	<u><u>704,055</u></u>

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	(173,972)	1,883,912
Tax paid		-	(15,346)
		<hr/>	<hr/>
Net cash from operating activities		(173,972)	1,868,566
		<hr/>	<hr/>
Cash flows from financing activities			
Amounts from/(to) group undertakings		169,834	(1,933,995)
		<hr/>	<hr/>
Net cash from financing activities		169,834	(1,933,995)
		<hr/>	<hr/>
Decrease in cash and cash equivalents		(4,138)	(65,429)
Cash and cash equivalents at beginning of year	2	26,593	92,022
		<hr/>	<hr/>
Cash and cash equivalents at end of year	2	22,455	26,593
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021	2020
	£	£
Loss before taxation	(20,529)	(37,653)
Depreciation charges	121	22
	(20,408)	(37,631)
(Increase)/decrease in stocks	(8,445)	141,690
(Increase)/decrease in trade and other debtors	(46,294)	1,810,338
Decrease in trade and other creditors	(98,825)	(30,485)
	(173,972)	1,883,912

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2021

	31/3/21	1/4/20
	£	£
Cash and cash equivalents	22,455	26,593
	22,455	26,593

Year ended 31 March 2020

	31/3/20	1/4/19
	£	£
Cash and cash equivalents	26,593	92,022
	26,593	92,022

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/20	Cash flow	At 31/3/21
	£	£	£
Net cash			
Cash at bank and in hand	26,593	(4,138)	22,455
	26,593	(4,138)	22,455
Total	26,593	(4,138)	22,455

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. STATUTORY INFORMATION

Rico Auto Industries (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover includes revenue earned from the sale of goods.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

RICO AUTO INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES - continued

Foreign currencies

i. Functional currency and presentation currency

The company's functional and presentation currency is the Pound Sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

It is the current intention of the Company's parent undertaking, Rico Auto Industries Limited, to continue to financially support the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for at least twelve months from the date of signing these financial statements.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	57,330	68,631
Europe	504,973	557,081
	<u>562,303</u>	<u>625,712</u>

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	30,726	30,726
Other pension costs	922	922
	<u>31,648</u>	<u>31,648</u>

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2021	2020
General Administration	<u>1</u>	<u>1</u>

	2021	2020
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	121	22
Auditors' remuneration	6,000	6,733
Foreign exchange differences	<u>(5,171)</u>	<u>(20,508)</u>

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2021 nor for the year ended 31 March 2020.

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2020 and 31 March 2021	<u>1,171</u>	<u>3,996</u>	<u>5,167</u>
DEPRECIATION			
At 1 April 2020	1,132	3,655	4,787
Charge for year	<u>4</u>	<u>117</u>	<u>121</u>
At 31 March 2021	<u>1,136</u>	<u>3,772</u>	<u>4,908</u>
NET BOOK VALUE			
At 31 March 2021	<u>35</u>	<u>224</u>	<u>259</u>
At 31 March 2020	<u>39</u>	<u>341</u>	<u>380</u>

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

8.	STOCKS	2021	2020
		£	£
	Components-Imported	40,173	144,974
	Goods in transit	114,738	1,492
		154,911	146,466
		154,911	146,466
9.	DEBTORS	2021	2020
		£	£
	Amounts falling due within one year:		
	Trade debtors	149,078	120,349
	Amounts owed by group undertakings	373,455	543,289
	VAT	18,568	305
	Prepayments	1,237	1,935
		542,338	665,878
		542,338	665,878
	Amounts falling due after more than one year:		
	Other debtors	2,132	2,132
		2,132	2,132
		2,132	2,132
	Aggregate amounts	544,470	668,010
		544,470	668,010
		544,470	668,010
10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
		£	£
	Trade creditors	6,010	105,563
	Social security and other taxes	568	772
	Other creditors	1,804	1,795
	Accrued expenses	9,658	8,735
		18,040	116,865
		18,040	116,865
11.	LEASING AGREEMENTS		
	Minimum lease payments under non-cancellable operating leases fall due as follows:		
		2021	2020
		£	£
	Between one and five years	11,715	11,715
		11,715	11,715
		11,715	11,715

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2021	2020
			£	£
20,000	Ordinary shares	1	<u>20,000</u>	<u>20,000</u>

13. RESERVES

	Retained earnings
	£
At 1 April 2020	704,584
Deficit for the year	(20,529)
At 31 March 2021	<u>684,055</u>

14. RELATED PARTY DISCLOSURES

During the year the company made purchases of £530,430 (2020: £583,134) from Rico Auto Industries Limited.

As at the balance sheet date, the company was owed £373,455 (2020: £543,289) by Rico Auto Industries Limited and included within debtors. The receivable is unsecured, no guarantees have been received and is due in 30 days (2020: 30 days).

All transactions were at arms length.

15. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Rico Auto Industries Limited, incorporated in India.

RICO AUTO INDUSTRIES (UK) LIMITED

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

	2021		2020	
	£	£	£	£
Sales		562,303		625,712
Cost of sales				
Purchases	527,451		580,648	
Warehousing expenses	24,808		42,219	
		<u>552,259</u>		<u>622,867</u>
GROSS PROFIT		10,044		2,845
Other income				
Sundry receipts		10,000		-
		<u>20,044</u>		<u>2,845</u>
Expenditure				
Wages and salaries	30,726		30,726	
Pensions	922		922	
Telephone expenses	1,197		1,569	
Printing and stationery	86		341	
Advertisement expenses	32		11,885	
Travelling expenses	262		-	
Insurance	1,249		1,918	
Rent and rates	12,887		11,715	
Custom and duty cost	1,530		1,651	
Sundry expenses	74		-	
Legal and professional fees	1,143		2,788	
Auditors' remuneration	6,000		6,733	
Foreign exchange (gain)/loss	(5,171)		(20,508)	
Doubtful debts recovered	(12,096)		(11,098)	
		<u>38,841</u>		<u>38,642</u>
		(18,797)		(35,797)
Finance costs				
Bank charges		1,611		1,834
		<u>(20,408)</u>		<u>(37,631)</u>
Depreciation				
Fixtures and fittings	4		7	
Computer equipment	117		15	
		<u>121</u>		<u>22</u>
NET LOSS		(20,529)		(37,653)

This page does not form part of the statutory financial statements

Rico Auto Industries (UK) Limited, UK
Profit and Loss Account

		@ 100.85		@ 92.05	
Particulars	Schedule No.	For the Year ended Mar 31, 2021-GBP (Provisional)	For the Year ended Mar 31, 2021-INR (Provisional)	For the Year ended March 31, 2020-GBP (Provisional)	For the Year ended March 31, 2020-INR (Provisional)
INCOME					
Sales	12	577474	58239724	699353	62895290
		577474	58239724	699353	62895290
EXPENDITURE					
Manufacturing & Other Expenses	13	596272	60135570	735149	66114558
Financial Charges	14	1611	162443	1834	164978
		597883	60298014	736984	66279535
Profit before Depreciation		-20409	-2058290	-37631	-3384245
		-3.53%	-3.53%	-5.38%	-5.38%
Depreciation		121	12203	22	1979
Profit After Depreciation		-20530	-2070493	-37653	-3386224
Provision for Income Tax		0	0	0	0
Profit After Tax		-20530	-2070493	-37653	-3386224
Less : Previous Year Income tax Paid		0	0	0	0
Amount Available for Appropriations		-20530	-2070493	-37653	-3386224
	%	-3.56%	-3.56%	-5.38%	-5.38%
APPROPRIATIONS					
Balance carried over to Balance Sheet		-20530	-2070493	-37653	-3386224
		-20530	-2070493	-37653	-3386224

Rico Auto Industries (UK) Limited						
Schedules to Profit & Loss Account						
Particulars	@ 100.85			@ 92.05		
	For the Year ended Mar 31, 2021-GBP	For the Year ended Mar 31, 2021-INR	% age	For the Year ended March 31, 2020-GBP	For the Year ended March 31, 2020-INR	% age
	(Provisional)	(Provisional)		(Audited)	(Audited)	
Schedule 12 - Sales & other Income						
Sales Component	562303	56709702		625712	56272488	
Sales Tooling - Rico India	10000	1008526		0	0	
Other Income	5171	521496		73641	6622802	
				0	0	
	577474	58239724		699353	62895290	
Schedule 13 - Manufacturing & Other Expenses						
Purchase of Raw Materials & Components	520494	52493175	90.95	573855	51608780	91.00
Purchase of Tooling from Rico India	0	0		0	0	
Tooling Expenses	0	0	0.00	0	0	0.00
Rework Expenses	0	0	0.00	0	0	0.00
Clearing Exps a/c	0	0	0.00	0	0	0.00
Salaries	30726	3098833	5.46	30726	2763329	0.28
Labour & Staff Welfare	32	3265	0.01	478	42958	0.00
Legal & Professional Expenses	1143	115322	0.20	2788	250742	0.05
Consumables- Inde Consumed	0	0	0.00	0	0	0.00
Packing Material - Inde Consumed	0	0	0.00	0	0	0.00
Warehousing Expenses	24807	2501878	4.41	42219	3796933	3.67
Rent	12887	1299663	2.29	11715	1053593	0.11
Audit Charges	6000	605116	1.07	6733	605522	0.06
Income Tax Matter	0	0	0.00	-11098	-998080	0.00
Travelling & Conveyance Expenses	262	26423	0.05	0	0	0.00
Printing & Stationery	55	5548	0.01	267	24024	0.00
Postage & Telegram	31	3164	0.01	74	6682	0.00
Insurance	1249	125915	0.22	1918	172492	0.03
National Insurance a/c	0	0	0.00	0	0	0.00
NEST Expense	922	92966	0.16	922	82901	0.01
Inspection Charges	0	0	0.00	0	0	0.00
Telephone Expenses	1197	120696	0.21	1569	141071	0.02
Business Promotion	0	0	0.00	11407	1025875	1.32
Fees & Taxes	1530	154328	0.27	1651	148452	2.73
Freight & Cartages	4766	480649	0.85	6855	616449	0.07
General Expenses	74	7491	0.01	-62	-5597	0.01
Foreign Exchange Fluctuations	0	0	0.00	53133	4778433	2.19
Bad Debt Account	-9904	-998862	-1.76			0.00
	596272	60135570		735149	66114558	
Schedule 14 - Financial Charges						
Bank Charges	1611	162443	0.29	1834	164978	0.02
Interest A/c. (JP Morgan)	0	0	0.00	0	0	0.00
	1611	162443		1834	164978	
			13.76			8.25

Rico Auto Industries (UK) Limited, UK					
Balance Sheet					
		@ 100.88		@ 92.05	
Particulars	Schedule No.	For the Year ended Mar 31, 2021-GBP (Provisional)	For the Year ended Mar 31, 2021-INR (Provisional)	For the Year ended March 31, 2020-GBP (Audited)	For the Year ended March 31, 2020-INR (Audited)
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
Share Capital	1	20000	1628400	20000	1628400
Exchange Equalisation Reserve					
Reserves & Surplus	2	684055	69396674	704585	65069646
Loan Funds	3	0		0	
TOTAL		704055	71025074	724585	66698046
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	5167	521250	5167	475625
Less : Depreciation		4908	495112	4787	440637
Net Block		259	26138	380	34988
INVESTMENTS	5	0	0	0	0
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	154910	15627363	146466	13482235
Sundry Debtors	7	205752	20756246	81895	7538435
Cash & Bank Balances	8	22454	2265202	26592	2447833
Loans & Advances	9	3370	339937	4067	374377
		386486	38988748	259021	23842879
Less : Current Liabilities & Provisions	10	-317310	-32010188	-465184	-42820178
Net Current Assets		703796	70998936	724205	66663057
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11				
TOTAL		704055	71025074	724585	66698046
		0	0	0	0

Rico Auto Industries (UK) Limited, UK				
Schedules to Balance Sheet				
	@ 100.88		@ 92.05	
Particulars	As at Mar 31, 2021-GBP	As at Mar 31, 2021-INR	As at March 31, 2020-GBP	As at March 31, 2020-INR
	(Provisional)	(Provisional)	(Audited)	(Audited)
Schedule 1 - Share Capital				
AUTHORISED				
20000 Equity Shares GBP 1 Par	20000	1682400	20000	1682400
ISSUED , SUBSCRIBED AND PAID-UP				
20000 Equity Shares GBP 1 Par	20000	1628400	20000	1628400
(Previous Year - 20000 Equity Shares GBP 1 Par)				
	20000	1628400	20000	1628400
Schedule 2 - Reserves & Schedules				
SURPLUS				
As per Last Balance Sheet	704585	67079688	742237	67079688
Exchange Diff		4387479		1376181
Add : Transferred from Profit & Loss Account	-20530	-2070493	-37653	-3386224
	684055	69396674	704585	65069646
Schedule 3- Loan Funds				
	0	0	0	0
	0	0	0	0
Schedule 4- Fixed Assets				
Gross block	5167	521250	5167	475625
Less : Accumulated Depreciation	4908	495112	4787	440637
Net Block	259	26138	380	34988
Schedule 5- Investments				
	0	0	0	0
	0	0	0	0
Schedule 6- Inventories				
(As valued and certified by the Management)				
Goods in Transit	114738	11574725	1493	137418
Finished Goods	40173	4052638	144974	13344817
Component - Tooling Stock	0	0	0	0
	154910	15627363	146466	13482235
Schedule 7 - Sundry Debtors				
(Unsecured considered good)				
Debts outstanding for a period exceeding six months	0	0	0	0
Advance to Vendors	56674	5717288	31963	2942224
Trade Debtors	162847	16428028	70921	6528259
FCRtFluctnAdj-Rcvbls	-4877	-491951	0	0
Less : Provision for Uncollectibles	-8893	-897119	-20989	-1932048
	205752	20756246	81895	7538435
Schedule 8 - Cash and bank Balances				
Balances with scheduled banks				
In current accounts	22454	2265202	26592	2447833
	22454	2265202	26592	2447833
Schedule 9 - Loans and Advances				
(Unsecured considered good)				
Advances recoverable in cash or in kind or for value to be received	1237	124831	1935	178098
Security Deposits	2132	215106	2132	196278
	3370	339937	4067	374377
Schedule 10 - Current Liabilities and Provisions				
Sundry Creditors				
Rico Auto Industries Ltd.	-313431	-31618950	-511326	-47067541
FCRtFluctnAdj-Pbls	-3350	-337902		
Advance from Customer	0	0	24463	2251780
Other Trade-Payables	6009	606185	10682	983255
VAT Payable / Refundable	-18568	-1873120	-305	-28059
Provision for Income Tax	0	0	0	0
TDS Payable	255	25684	255	23436
National Insurance payable	314	31645	518	47658
Expenses Payable	11462	1156268	10530	969292
	-317310	-32010188	-465184	-42820178

Independent Auditor's Report

To the Members of Rico Fluidtronics Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Rico Fluidtronics Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Directors' report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 18 June 2021 as per Annexure B expressed unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 29 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2021;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

UDIN No.: 20517273AAAADC9695

Place: New Delhi
Date: 18 June 2021

Annexure A to the Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited, on the financial statements for the year ended 31 March, 2021

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
(b) All property, plant and equipment have not been physically verified by the management during the year, however, there is a regular program of verification once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- ii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year. No material discrepancies were noticed on the aforesaid verification.
- iii. The Company has granted unsecured loan to company covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion the terms and conditions of grant of such loan are not, prima facie, prejudicial to the Company's interest;
 - (b) the schedule of repayment of principal and payment of interest has been stipulated and the principal and interest amount is not due for repayment currently; and
 - (c) there is no overdue amount in respect of loan granted to such company.
- iv. In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.
- v. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii.(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Annexure A to the Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited, on the financial statements for the year ended 31 March, 2021 (Cont'd)

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise Duty	30.51	2013-14 to 2017-18	Deputy/Assistant Commissioner of Central Tax, CGST.

- viii. The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- ix. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- x. No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- xi. Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- xv. In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

UDIN No.: 20517273AAAACO1264

Place: New Delhi
Date: 18 June 2021

Annexure B to the Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited on the financial statements for the year ended 31 March 2021

Annexure B

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of **Rico Fluidtronics Limited** ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements .

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

Annexure B to the Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited on the financial statements for the year ended 31 March 2021, (cont'd)

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.:517273

UDIN No.: 20517273AAAADC9695

Place: New Delhi
Date: 18 June 2021

Rico Fluidtronics Limited
Balance Sheet as at March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	4	1,659.91	1,863.56
Capital work-in-progress	4	262.49	161.62
Intangible assets	4	7.06	15.25
Financial assets			
(i) Investments	5	950.00	950.00
(ii) Loans	6	1,533.33	1,200.00
(iii) Other financial assets	7	37.29	35.64
Deferred tax assets (net)	9 & 26	113.35	77.18
Other non-current assets	8	206.63	43.62
Total non-current assets		4,770.06	4,346.87
Current assets			
Inventories	10	264.04	345.58
Financial assets			
(i) Trade receivables	11	1,633.14	1,637.67
(ii) Cash and cash equivalents	12	210.75	935.22
(iii) Other financial assets	7	216.42	367.97
Other current assets	8	50.53	33.64
Total current assets		2,374.88	3,320.08
Total Assets		7,144.94	7,666.95
Equity and liabilities			
Equity			
Equity share capital	13	4,224.00	4,224.00
Other equity	14	594.40	606.02
		4,818.40	4,830.02
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	15	712.76	765.98
Provisions	16	55.30	40.16
Other non-current liabilities	17	10.20	15.11
Total non-current liabilities		778.26	821.25
Current liabilities			
Financial liabilities			
(i) Trade payables			
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues of creditors other than micro and small enterprises	18	1,318.05	1,625.73
(ii) Other financial liabilities	15	127.03	135.47
Other current liabilities	17	65.27	94.17
Provisions	16	8.68	38.09
Current tax liabilities (net)		29.19	122.22
Total current liabilities		1,548.22	2,015.68
Total liabilities		2,326.48	2,836.93
Total equity and liabilities		7,144.88	7,666.95

Summary of significant accounting policies and other explanatory information

1 to 45

This is the Balance Sheet referred to in our report of even date

For Walker Chandniok & Co LLP
Firm Registration No.: 001076N/N500013
Chartered Accountants

For and on behalf of the Board of Directors of
Rico Fluidtronics Limited

Arun Tandon
Partner
Membership No.: 517273

Kaushalendra Verma
Director
DIN: 02004259

Om Prakash Aggarwal
Director
DIN: 01537211

Sanjit Kumar Jana
Chief Financial Officer

Brajesh Kumar
Company Secretary

Place: New Delhi
Date: 18 June 2021

Place: Gurugram
Date: 18 June 2021

Rico Fluidtronics Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Notes	Year ended	Year ended
		March 31, 2021	March 31, 2020
Revenue from operations	19	5,197.57	7,901.59
Other Income	20	191.56	183.39
Total Income (I)		5,389.13	8,084.98
EXPENSES			
Cost of materials consumed	21	3,277.01	5,340.33
Purchase of stock-in-trade		84.11	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	60.65	1.48
Employee benefits expense	23	531.34	594.97
Finance costs	24	69.81	45.20
Depreciation and amortisation expense	4	404.93	434.63
Other expenses	25	417.47	686.47
Total expenses (II)		4,845.32	7,103.08
Profit before tax (I-II)		543.81	981.90
Tax expense:	26		
Current tax		170.33	321.82
Deferred tax credit		(36.46)	(57.32)
Total tax expense		133.87	264.50
Profit for the year (III)		409.94	717.40
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurement of defined benefit plans		1.13	16.45
Income tax	26	(0.29)	4.22
Other comprehensive income for the year (IV)		0.84	12.23
Total comprehensive income for the year (III)+(IV)		410.78	729.63
Earning per equity share [Nominal value per share ₹ 10/- (Previous year value per share ₹ 10/-)]			
Basic and diluted (in ₹)	27	0.97	1.70
Summary of significant accounting policies and other explanatory information			
1 to 45			

This is the Statement of profit and loss referred to in our report of even date.

For Walker Chandiook & Co LLP
Firm Registration No.: 001076N/N500013
Chartered Accountants

For and on behalf of the Board of Directors of
Rico Fluidtronics Limited

Arun Tandon
Partner
Membership No.: 517273

Kaushalendra Verma
Director
DIN: 02004259

Om Prakash Aggarwal
Director
DIN: 01537211

Sanjit Kumar Jana
Chief Financial Officer

Brajesh Kumar
Company Secretary

Place: New Delhi
Date: 18 June 2021

Place: Gurugram
Date: 18 June 2021

Rico Fluidtronics Limited

Cash Flow Statement for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
	₹	₹
Cash flows from operating activities		
Net profit before tax	543.81	981.90
Adjustment for		
Depreciation and amortization expense	404.93	434.63
Interest income	(12.58)	(119.30)
Provision for warranty	2.04	13.16
Unrealised foreign exchange loss (net)	-	(7.47)
Export incentives	(5.12)	(5.86)
Unwinding of security deposit	(1.65)	(1.70)
Operating profit before working capital changes	931.43	1,295.36
Changes in working capital:		
- in other assets	(484.25)	19.29
- in other financial assets	143.54	(19.08)
- in trade receivables	4.53	65.73
- in inventories	81.54	(11.87)
- in trade payables and other liabilities	(336.37)	346.66
- in other financial liabilities	(61.66)	837.11
- in provisions	(16.31)	(9.04)
Cash generated from operations	262.45	2,524.16
Direct tax paid (net of refunds)	(121.09)	(215.57)
Net cash generated from operating activities (A)	141.36	2,308.59
Cash flows from investing activities		
Payments for purchase of property, plant and equipment, capital work in progress and intangible assets	(133.13)	(947.00)
Proceeds from sale of property, plant and equipment	2.44	-
Investment made	-	(950.00)
Loan repayments received from related parties	(333.33)	(1,500.00)
Proceeds from bank deposits (net)	-	455.00
Interest received	20.59	128.10
Net cash used in investing activities (B)	(443.43)	(2,813.90)
Cash flows from financing activities		
Dividend paid (including dividend distribution tax)	(422.40)	(789.30)
Net cash used in financing activities (C)	(422.40)	(789.30)
Net decrease in cash and cash equivalents [D= (A+B+C)]	(724.47)	(1,294.61)
Cash and cash equivalents at the beginning of the year (E)	935.22	2,229.83
Cash and cash equivalents at the end of the year (D+E)	210.75	935.22

This is the Cash flow statement referred to in our report of even date

For Walker Chandok & Co LLP
Firm Registration No.: 001076N/N500013
Chartered Accountants

For and on behalf of the Board of Directors of
Rico Fluidtronics Limited

Arun Tandon
Partner
Membership No.: 517273

Kaushalendra Verma
Director
DIN: 02004259

Om Prakash Aggarwal
Director
DIN: 01537211

Sanjit Kumar Jana
Chief Financial Officer

Brajesh Kumar
Company Secretary

Place: New Delhi
Date: 18 June 2021

Place: Gurugram
Date: 18 June 2021

Rico Fluidtronics Limited
Statement of Changes in Equity for the year ended March 31, 2021
 (All amounts are in ₹ lakhs, unless otherwise stated)

A. Equity share capital

	No. of shares	Amount
Balance as at April 01, 2019	4,22,40,000	4,224.00
Changes during the year	-	-
Balance as at March 31, 2020	4,22,40,000	4,224.00
Changes during the year	-	-
Balance as at March 31, 2021	4,22,40,000	4,224.00

B. Other equity

	Retained earnings
Balance as at April 01, 2019	665.69
Profit for the year	717.40
Other comprehensive income for the year	12.23
Total comprehensive income for the year	729.63
Dividend paid on equity shares	(654.72)
Tax on dividend paid	(134.58)
Balance as at March 31, 2020	606.02
Profit for the year	409.94
Other comprehensive income for the year	0.84
Total comprehensive income for the year	410.78
Dividend paid on equity shares	(422.40)
Balance as at March 31, 2021	594.40

This is the Statement of changes in equity referred to in our report of even date.

For Walker Chandniok & Co LLP
 Chartered Accountants
 Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Rico Fluidtronics Limited

Arun Tandon
 Partner
 Membership No.: 517273

Kaushalendra Verma
 Managing Director
 DIN: 02004259

Om Prakash Aggarwal
 Director
 DIN: 01537211

Sanjit Kumar Jana
 Chief Financial Officer

Brajesh Kumar
 Company Secretary

Place: New Delhi
 Date: 18 June 2021

Place: Gurugram
 Date: 18 June 2021

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

1. CORPORATE INFORMATION

Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited) ("the Company") was incorporated on March 14, 2008 for manufacture of water and oil pumps used for two and four-wheeler automobiles. The Company was a joint venture between Rico Auto Industries Limited (RAIL) and Magna Powertrain GmbH (erstwhile Magna Powertrain AG). On March 29, 2019, Magna Power Train GMBH transferred its 50% shareholding to RAIL and Rasa Autocom Limited (100% subsidiary of RAIL). The Company's registered office is based in Gurugram, Haryana and manufacturing facility at Manesar, Haryana.

2. RECENT ACCOUNTING PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 01, 2021. The Company is evaluating the effect of the amendments on its financial statements.

Amended standards adopted by the company

- **Amendment to Ind AS 116, Lease, lease modification accounting for COVID-19, rent concession.**

3. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis for preparation and measurement

a) Compliance with Ind AS

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services. All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current non-current classification of assets and liabilities. The principal accounting policies are set out below.

b) Functional and presentation currency

The financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

c) Going concern and basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities, defined benefit plans that are measured at fair values at the end of each reporting period.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Act.

3.2 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 normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

- 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 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 the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Revenue recognition

In accordance with Ind AS 115, Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements.

(i) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon delivery.

(ii) Warranty obligations

The Company provides warranty for general repairs for three years on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold – see Note 15 for more information. The Company does not provide any extended warranties or maintenance contracts to its customers.

(iii) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of products provide customers with a right to claim RM indexation benefit (revision in price of raw material based upon variation in index prices) and giveback benefit (benefits to be given because of improvement in production process). The RM indexation and giveback benefits give rise to variable consideration.

(iv) RM indexation and giveback benefits

The Company provides RM indexation and giveback benefits to certain customers based on revision in price of raw material due to variation in index prices and benefits to be given because of improvement in production process. Benefits are offset against amounts payable by the customer. To estimate the variable consideration for the expected future benefits, the Company applies the most likely amount method for contracts. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future benefits

c) Foreign currency transactions:

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

Subsequent recognition

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

d) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

e) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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 profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

Minimum alternate tax

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the MAT credit would be realised i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of property, plant and equipment is allocated/capitalised with the related property, plant and equipment. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Capital work-in-progress represents assets under construction and is carried at cost.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

An item of property, plant and equipment and any significant part initially recognised 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.

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 appropriate.

g) Depreciation on property, plant and equipment

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Particulars	Estimated useful lives (years)
Plant and machinery	10 years
Office equipments	5 years
Furniture and fixtures	10 years
Dies and moulds	5 years
Computers	3 years

Lease hold improvements is amortised on straight line basis over the period of lease/contract or the assessed useful lives, whichever is lower.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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 appropriate.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

h) 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 amortization and accumulated impairment losses, if any. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

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 recognized in the statement of profit and loss when the asset is derecognized.

Costs incurred on acquisition of intangible assets are capitalized and amortized on a straight-line basis over useful lives, as mentioned below:

Intangible assets	Estimated useful lives (years)
Software	3 to 5 years
Drawings and designs	4 years

i) Leases

Company as a lessee

The Company's lease asset classes primarily consist of leases for Building and Plant & machinery. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset, (2) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (3) the Company has the right to direct the use of the asset.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the Right of use (ROU) the underlying asset during the lease term (i.e., the right-of-use asset).

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are depreciated from the date of commencement of the lease on a straight -line basis over the shorter of the lease term and the useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. For leases under which the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the date of commencement of the lease in determining the present value of lease payments. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment as to whether it will exercise an extension or a termination option.

The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2020 is 9% p.a.

j) Inventories

Inventories are valued as follows:

Raw materials, stores and spares

Lower of cost and net realisable value. 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.

Cost is determined on a weighted average basis and includes cost incurred in bringing the material to its present location and condition.

Work-in-progress and finished goods

Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

k) Provisions

General

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.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation at the reporting date. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

m) Employee benefits:

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company. The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated and can be availed in future. The Company has three post-employment benefit plans in operation viz. Gratuity, Provident Fund and Employee State Insurance scheme.

i) Provident Fund and Employee State Insurance scheme

Provident Fund benefit and Employee State Insurance benefit are defined contribution plans under which the Company pays fixed contributions into funds established under Employee Provident Fund and Miscellaneous Provision Act, 1952 and Employee State Insurance Act, 1948 respectively. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short-term nature.

ii) Gratuity

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The legal obligation for any benefits from this kind of plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. All actuarial gains and losses are recorded through the statement of other comprehensive income.

iii) Compensated absences

The liability for employees compensated absences is provided for in accordance with the rules of the Company and is based on actuarial valuations made using projected unit method at the balance sheet date. Actuarial gain and losses are routed through the statement of profit and loss.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

n) Financial instruments

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets which are not classified in any of the above categories are subsequently measured at fair valued through profit or loss.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

De-recognition of financial liabilities

A financial liability shall be derecognized when, and only when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders after deducting preference dividends and attributable taxes by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss 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.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes 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.

q) Cash dividend distribution to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

r) Segment reporting

The Company is primarily engaged in the manufacturing of water pump and oil pump used for two and four-wheeler automobiles and hence entire operation represents a single primary segment.

3.2 Significant accounting judgments estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of 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.

Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgments are:

- (i) Measurement of defined benefit obligations;
- (ii) Weighted average incremental borrowing rate;
- (iii) Estimation of useful lives of property, plant and equipment;
- (iv) Provision of contingent liabilities;
- (v) Carrying values of inventories;
- (vi) Cash flow projections and liquidity assessments;
- (vii) Leases; and
- (viii) Deferred tax assets.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Rico Fluidronics Limited
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
 (All amounts are in \$ lakhs, unless otherwise stated)

4 Property, plant and equipment, capital work-in-progress and intangible assets

A. Property, plant and equipment

Particulars	Leasehold improvements	Right-of-use asset #	Furniture and fixtures	Office equipments	Computers	Dies and Moulds	Plant and Machinery	Total
Gross Block								
Balance as at April 01, 2019	77.33	-	18.97	5.33	24.93	23.58	2,120.27	2,270.62
Additions	-	833.66	0.18	0.12	0.56	-	26.13	860.64
Disposal	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	77.33	833.66	19.15	5.65	25.49	23.58	2,146.40	3,131.26
Additions	-	-	0.20	-	-	-	195.34	195.54
Disposal	-	-	-	-	-	-	(2.44)	(2.44)
Balance as at March 31, 2021	77.33	833.66	19.35	5.65	25.49	23.58	2,339.30	3,324.36
Accumulated depreciation								
Balance as at April 01, 2019	64.01	-	11.07	3.42	1.97	18.25	774.75	873.47
Charge	13.32	38.60	2.84	1.08	7.00	4.21	327.18	394.23
Adjustments	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	77.33	38.60	13.91	4.84	8.97	22.46	1,102.43	1,267.70
Charge	-	92.63	2.84	0.44	6.59	1.12	293.13	396.75
Adjustments	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	77.33	131.23	16.75	5.28	15.56	23.58	1,395.56	1,664.45
Net block								
Balance as at March 31, 2020	-	795.06	5.24	0.81	16.52	1.12	1,043.97	1,863.56
Balance as at March 31, 2021	-	702.43	2.60	0.37	9.93	-	943.74	1,659.91

relate to factory and office building taken on lease

Note:

(i) For details regarding contractual commitments for the acquisition of property, plant and equipment - refer note 36

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Rico Fluidtronics Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

(All amounts are in ₹ lakhs, unless otherwise stated)

C. Intangible assets

Gross Block				
Particulars	Softwares	Design and drawings	Total	
As at April 01, 2019	41.22	139.69	180.91	
Additions	0.10	-	0.10	
Disposal	-	-	-	
As at March 31, 2020	41.32	139.69	181.01	
Additions	-	-	-	
Disposal	-	-	-	
As at March 31, 2021	41.32	139.69	181.01	
Amortization				
As at April 01, 2019	23.66	101.71	125.37	
Charge	5.39	35.01	40.40	
Adjustments	-	-	-	
As at March 31, 2020	29.05	136.72	165.76	
Charge	5.21	2.97	8.18	
Adjustments	-	-	-	
As at March 31, 2021	34.26	139.69	173.95	
Net block				
As at March 31, 2020	12.27	2.97	15.25	
As at March 31, 2021	7.06	-	7.06	

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Rico Pluidronics Limited
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
 (All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
5. Non-current investments		
Investments in equity instruments in associate (at cost, fully paid up) - unquoted Rico Jinfel Wheels Limited 9,500,000 (March 31, 2020: 9,500,000) equity shares of ₹ 10/- each	950.00	950.00
Total	950.00	950.00
6. Loans and advances (Unsecured, considered good)		
Non-current		
Loan to related parties (refer note 30)	1,533.33	1,200.00
Total	1,533.33	1,200.00
7. Other financial assets (Unsecured considered good)		
Non-current		
Security deposits	37.29	35.64
Total	37.29	35.64
Current		
Current maturities of loan given to related parties (refer note 30)	166.67	300.00
Interest accrued on bank deposits	0.56	8.57
Interest accrued on loan given to related parties (refer note 30)	39.11	47.03
Export incentive receivable	6.38	12.37
Loan to employees	3.70	-
Total	216.42	367.97
8. Other non-current assets		
Capital advances	171.91	8.70
Prepaid expenses	17.99	18.19
Balances with statutory/government authorities	16.73	16.73
Total	206.63	43.62
Other current assets		
Prepaid expenses	15.61	17.62
Advance to suppliers	33.84	14.43
Balances with statutory/government authorities	1.08	1.59
Total	50.53	33.64
9. Deferred tax assets (net)		
Deferred tax assets	113.35	77.18
Total	113.35	77.18
10. Inventories (valued at lower of cost or net realisable value)		
Raw materials and components	135.55	165.03
Finished goods	37.81	35.26
Goods-in-transit (finished goods)	-	27.63
Stock-in-trade	21.24	56.82
Stores and spares	69.44	60.84
Total	264.04	345.58
11. Trade receivables (Unsecured considered good)		
Total	1,633.14	1,637.67
12. Cash and cash equivalents		
Cash on hand	0.64	0.62
Balances with banks:		
In current accounts	35.17	381.42
Deposits with original maturity of less than three months	174.94	553.18
Total	210.75	935.22

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Note 13 : Equity Share capital

	As at March 31, 2021	As at March 31, 2020
a) Authorised shares 50,000,000 equity shares of ₹ 10/- each (March 31, 2020: 50,000,000 lakhs equity shares of ₹ 10/- each)	5,000.00	5,000.00
b) Issued, subscribed and fully paid up 42,240,000 equity shares of ₹ 10/- each (March 31, 2020 : 42,240,000 equity shares of ₹ 10/- each)	4,224.00	4,224.00
	<u>4,224.00</u>	<u>4,224.00</u>

c) Reconciliation of the shares outstanding at the beginning and at the end of year

	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
Shares outstanding at the beginning of the year	422.40	4,234.00	422.40	4,224.00
Movement during the year	-	-	-	-
Shares outstanding as at the end of the year	<u>422.40</u>	<u>4,224.00</u>	<u>422.40</u>	<u>4,224.00</u>

d) Description of the rights, preferences and restrictions attached to each class of shares

Equity Shares: The Company has only one class of equity shares having a face value of ₹ 10 /- per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue.

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 the shareholders.

e) Details of equity shares held by holding company and/or their subsidiary*

Name of shareholders	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Rico Auto Industries Limited	215.20	50.95%	215.20	50.95%
Rasa Autocon Limited	207.20	49.05%	207.20	49.05%
	<u>422.40</u>	<u>100.00%</u>	<u>422.40</u>	<u>100.00%</u>

f) Details of shareholders holding more than 5% equity shares in the Company*

Name of shareholders	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Rico Auto Industries Limited	215.20	50.95%	215.20	50.95%
Rasa Autocon Limited	207.20	49.05%	207.20	49.05%
	<u>422.40</u>	<u>100.00%</u>	<u>422.40</u>	<u>100.00%</u>

g) The Company has not issued bonus shares, equity shares issued for considerations other than cash and also no shares has been bought back during the period of five years immediately preceding the reporting period.

*The above information has been furnished as per the shareholders details available with the Company as at respective year ends.

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Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
14. Other Equity		
Retained earning	594.40	606.02
Opening Balance	606.02	665.69
Add: Profit for the year	409.94	717.40
Add: Other comprehensive income for the year (net of taxes)	0.84	12.23
Less: Dividend on equity shares ¹	(422.40)	(654.72)
Less: Corporate dividend tax on above	-	(134.58)
Net surplus in the statement of profit and loss	594.40	606.02
¹ During the year ended March 31, 2021, the Company has declared a final dividend of ₹ 422.40 lakhs (₹ 1 per equity share of 10/- each) at their board meeting held on June 16, 2021		
Retained earnings		
Retained earnings are the accumulated profits earned by the Company till date, as adjusted for distribution to owners.		
15. Other financial liabilities		
Non-current		
Lease liabilities (refer note 28)	712.76	765.98
Total	712.76	765.98
Current		
Employee benefits payable	73.81	86.81
Lease liabilities (refer note 28)	53.22	48.66
Total	127.03	135.47
16. Provisions		
Non-current		
Provision for gratuity (refer note 31)	25.02	20.71
Provision for compensated absences	13.56	-
Provision for warranty (refer note below)	14.72	19.45
Total	53.30	40.16
Current		
Provision for gratuity (refer note 31)	1.81	11.51
Provision for compensated absences	1.40	11.77
Provision for warranty (refer note below)	5.47	14.81
Total	8.68	38.09
Movement in provision for warranty		
Opening provision	34.26	27.69
Add: Charge for the year (refer note 25)	2.04	13.16
Less: Utilised/reversed during the year	(16.11)	(6.59)
Closing provision	20.19	34.26
17. Other liabilities		
Non-current		
Deferred grants (export obligations)	10.20	15.11
Total	10.20	15.11
Other liabilities		
Current		
Advances from customers	0.50	39.75
Statutory liabilities	60.54	49.97
Deferred grants (export obligations)	4.23	4.45
Total	65.27	94.17
18. Trade payables		
Payable to micro and small enterprises (refer note 32)	-	-
Others (refer note 30)	1,318.05	1,625.73
Total	1,318.05	1,625.73

Rico Fluidtronics Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
19. Operating revenue*		
Sale of products	5,171.50	7,825.99
Service income	-	28.00
	<u>5,171.50</u>	<u>7,853.99</u>
Other operating revenue		
Scrap sale	11.24	17.84
Export incentive	9.71	23.90
Export obligation deferred income	5.12	5.86
	<u>26.07</u>	<u>47.60</u>
Total	<u><u>5,197.57</u></u>	<u><u>7,901.59</u></u>
* Refer note 38, for other disclosures		
20. Other income		
Interest income on financial assets measured at amortised cost		
-bank deposits	12.58	119.30
-interest income from loan to related parties	130.78	52.26
-interest income on security deposit	1.65	1.70
Foreign currency exchange difference (net)	-	8.06
Provisions and liabilities no longer required, written back	46.03	-
Miscellaneous	0.52	2.07
Total	<u><u>191.56</u></u>	<u><u>183.39</u></u>
21. Cost of materials consumed		
Raw material and components		
Opening stock	165.03	153.16
Add : Purchases during the year	3,247.53	5,352.20
Less : Closing stock	(135.55)	(165.03)
Raw material and components consumed	<u><u>3,277.01</u></u>	<u><u>5,340.33</u></u>
22. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventory as at the end of the year		
-finished goods (including goods-in-transit)	37.82	62.89
-Stock-in-trade	21.24	56.82
	<u>59.06</u>	<u>119.71</u>
Inventory as at the beginning of the year		
-Finished goods (including goods-in-transit)	62.89	113.37
-Stock-in-trade	56.82	7.82
	<u>119.71</u>	<u>121.19</u>
Total	<u><u>60.65</u></u>	<u><u>1.48</u></u>
23. Employee benefits expense		
Salaries, wages and bonus	472.33	521.45
Contribution to provident and other funds (refer note 31)	31.49	39.02
Workmen and staff welfare expenses	27.52	34.50
Total	<u><u>531.34</u></u>	<u><u>594.97</u></u>
24. Finance costs		
Bank charges	1.47	3.61
Interest expense on lease liabilities (refer note no 28)	68.34	30.98
Interest on income tax	-	10.61
Total	<u><u>69.81</u></u>	<u><u>45.20</u></u>

Rico Fluidtronics Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

(All amounts are in ₹ lakhs, unless otherwise stated)

Rico Fluidtronics Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
25. Other expenses		
Consumption of stores and spares	107.25	145.46
Power and fuel	72.19	92.88
Rent (refer note 28)	1.20	51.61
Rates and taxes	4.14	2.17
Insurance	5.20	2.88
Corporate charges	101.38	156.82
Repair and maintenance		
-Machinery	2.40	5.73
-Building	0.32	2.15
-Others	10.25	10.17
Information technology expense	10.71	40.24
Travelling and conveyance	16.85	28.61
Legal and professional*	33.37	41.55
Communication	4.63	5.36
Printing and stationery	3.16	4.78
Foreign currency exchange difference (net)	0.06	-
Freight outward	7.76	38.04
Provision for warranty	2.04	13.16
Corporate social responsibility expense (refer note 40)	18.81	17.94
Miscellaneous expenses	15.75	26.92
Total	417.47	686.47
*Includes payment to auditors (excluding applicable taxes) on account of:		
Statutory audit	9.00	9.00
Other services	0.25	-
Total	9.25	9.00

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Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

26 Income tax

A The reconciliation of estimated income tax expense at statutory income tax rate of the Company to income tax expense reported in Statement of profit and loss is as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	543.81	981.90
Statutory income tax rate	25.17%	25.17%
Tax at statutory income tax rate	136.87	247.12
Effect of change in statutory tax rate*	-	5.57
Others	(4.07)	11.81
Total	132.80	264.51
Effective income tax rate (%)	24.42%	26.94%

* The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its deferred tax assets basis the rate prescribed in the said section. The impact of this change has been recognised in the statement of profit and loss for the year ended 31 March 2020.

A. Significant components of net deferred tax assets and liabilities are as follows:

Deferred tax liabilities/(assets) in relation to:	Opening balance as at April 1, 2020 ₹	Charged / (credited) to statement of profit or loss ₹	Charged to other comprehensive income ₹	Closing balance as at March 31, 2021 ₹
For the year ended March 31, 2021				
Deferred tax liabilities				
Depreciation and amortisation	23.70	(36.82)	-	60.52
Total (A)	23.70	(36.82)	-	60.52
Deferred tax assets				
Employee benefits	26.02	(0.92)	(0.29)	27.23
Other temporary differences	27.46	10.67	-	16.79
Unrecognised tax	-	(8.81)	-	8.81
Total (B)	53.48	0.94	(0.29)	52.83
Net deferred tax assets (A+B)	77.18	(35.88)	(0.29)	113.35
For the year ended March 31, 2020				
Deferred tax liabilities				
Depreciation and amortisation	(22.60)	(46.30)	-	23.70
Total (A)	(22.60)	(46.30)	-	23.70
Deferred tax assets				
Employee benefits	20.00	(10.24)	4.22	26.02
Other temporary differences	26.68	(0.78)	-	27.46
Total (B)	46.68	(11.02)	4.22	53.48
Net deferred tax assets (A+B)	24.08	(57.32)	4.22	77.18

27 Earning per share

Profit after tax (A)	409.94	717.40
Weighted average number of equity shares (basic/diluted)(B)	422.40	422.40
Nominal value of equity share (₹)	10.00	10.00
Earnings per share - basic/diluted (A/B) (₹)	0.97	1.70

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Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

28. Leases

i. Leasing activities

The Company has entered into lease arrangement for office and factory building that are renewable on a periodic basis with approval of both lessor and lessee. The term of lease is 9 years. The Company does not have any lease commitments towards variable rent as per the contract.

a) The Company's carrying amount of lease liabilities is presented below:

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current	712.76	765.98
Current	53.22	48.66
Total lease liabilities	765.98	814.64

b) Right-of-use asset:

Particulars	As at March 31, 2021	As at March 31, 2020
Real estate	833.66	833.66
Total	833.66	833.66

Additional information on the right-of-use assets by class of assets is as follows:

As at March 31, 2021	Carrying amount (net block)	Depreciation expense
Factory and office building	702.43	92.63
Total	702.43	92.63

c) Depreciation charged on right-of-use assets during the year:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Real estate	92.63	38.60
Total	92.63	38.60

d) Total cash outflow pertaining to leases during the year ended March 31, 2021 is ₹ 160.97 lakhs (previous year ₹ 107.82 lakhs), including cash outflow of short-term lease. Payment for interest expense on lease liability is ₹ 68.34 lakhs (previous year ₹ 30.98 lakhs) for the year.

29. Contingent liability

Contingencies liabilities: the Company has contingent liabilities in respect of:

Demand against the Group not acknowledged as liability

	As at	As at
	March 31, 2021	March 31, 2020
Excise and service tax	30.51	30.51

30. Related party transactions

I. Related parties:

i. Holding company

(a) Rico Auto Industries Limited

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

ii. Fellow subsidiaries

- (a) Rico Aluminium and Ferrous Auto Components Limited
- (b) Rasa Autocom Limited
- (c) Rico Jinfei Wheels Limited
- (d) AAN Engineering Industries Limited

Other Related Parties (Entity in which KMP exercise significant influence) with whom there are transactions during the year or balances as at year end

- (a) Rico Castings Limited
- (b) Kapbros Engineering Industries Limited

iii. Key Managerial Personnel**

- (a) Kaushalendra Verma – Managing Director (from July 1, 2019)
- (b) Sanjit Kumar Jana – Chief Financial Officer (from June 26, 2019) #
- (c) Brajesh Kumar – Company Secretary (from June 16, 2020) #
- (d) Deepak Sharma

As per section 203 of the Act, definition of Key Managerial Personnel includes Chief Executive Officer, Chief Financial Officer and Company Secretary.

** As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in KMP compensation. Gratuity and compensated absence are included in the year of payment

II. Transactions with related parties

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A	Rico Auto Industries Limited		
	Purchase of raw material	478.35	459.72
	Corporate charges	101.38	156.82
	Management service provided	70.74	52.50
	Purchase of property, plant and equipment	-	11.31
	Sale of property, plant and equipment	2.88	-
	Sale of finished goods	57.32	190.94
	Dividend paid	215.20	333.56
	Loan given	-	1,500.00
	Loan repayment received	1,500.00	-
	Interest income	58.92	52.26
B	Rasa Autocom Limited		
	Dividend paid	207.20	321.16
C	Rico Aluminium and Ferrous Auto Components Limited		
	Reimbursement of expenses paid	-	1.50
	Reimbursement of expenses received	-	1.50
D	Rico Jinfei Wheels Limited		
	Investments made	-	950.00
E	Rico Casting Limited		
	Loan given	1,100.00	-
	Interest income	40.88	-
F	Kapbros Engineering Industrial Limited		
	Loan given	300.00	-
	Interest income	16.24	-
G	AAN Engineering Industries Limited		
	Loan given	300.00	-
	Interest income	14.66	-
H	Remuneration paid to Key Management Personnel		
	Kaushalendra Verma	45.11	35.48
	Sanjit Kumar Jana	27.95	21.92
	Deepak Sharma	-	3.32
	Brajesh Kumar	4.14	-

III. Balances with related parties

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	Particulars	As at March 31, 2021	As at March 31, 2020
A	Rico Auto Industries Limited		
	Loan	-	1,500.00
	Accrued interest	-	47.03
	Trade receivables	104.88	238.75
	Trade payables	192.05	199.44
B	Rico Casting Limited		
	Loan	1,008.33	-
	Current maturities of long term loans	91.67	-
	Accrued interest	20.07	-
C	Kapbros Engineering industrial Limited		
	Loan	275.00	-
	Current maturities of long term loans	25.00	-
	Accrued interest	5.47	-
D	AAN Engineering Industries Limited		
	Loan	250.00	-
	Current maturities of long term loans	50.00	-
	Accrued interest	13.57	-

31. Employee benefits

(I) Defined benefit obligations (gratuity)

The Company has defined benefit gratuity plan (unfunded).

The gratuity plan is governed by the Payment of Gratuity Act, 1972, gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employee after completing 5 years of service.

The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. 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 plan 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 plan.

The mortality rate is based on publicly available mortality tables for the specific countries. 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 the respective countries.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the amounts recognized in the balance sheet for the gratuity.

(i) Net employees benefit expense recognized in employee cost:-

Particulars	As at 31, 2021	March 5.99	As at 31, 2020	March 5.04
Current service cost		5.99		5.04
Interest cost on benefit obligation		1.52		2.18
Defined benefit cost included in statement of profit and loss		7.51		7.22

Particulars	As at March 31, 2021	As at March 31, 2020
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Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

Changes in financial assumptions	-	4.31
Change in experience adjustments	1.13	6.60
Total remeasurement gain recognised in OCI	1.13	10.91

(ii) Reconciliation of the net defined benefit liability

The following table shows reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

Reconciliation of present value of defined benefit obligation:-

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	21.78	31.22
Current service cost	5.99	5.04
Interest cost on benefit obligation	1.52	2.18
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	-	-
- changes in financial assumptions	-	(4.31)
- experience adjustments	(1.13)	(6.61)
Benefit paid	(1.32)	(5.74)
Balance at the end of the year	26.83	21.78

(iii) Actuarial assumptions

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	7.00%	7.00%
Salary increase rate	5.00%	5.00%
Attrition rate	5.00%	5.00%

Note:

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.

Assumptions regarding future mortality are based on published statistics and mortality tables.

(iv) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Assumptions Sensitivity Level	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	2.29	(2.67)	2.00	(2.34)
Future salary growth (1.00% movement)	(2.70)	(2.35)	(2.36)	(2.05)
Attrition rate (1.00% movement)	(0.21)	(0.26)	(0.23)	(0.28)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(v) The following payments are expected contributions to the defined benefit plan in future years:

Particulars	March 31, 2021	March 31, 2020
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Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

Within next 12 months	1.81	1.06
Between 2 and 5 years	3.82	3.11
Beyond 5 years	21.19	17.60

(vi) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16 years (March 31, 2020: 18 years).

(vii) Expected contribution during the next annual reporting period is ₹ 6.90 lakhs (March 31, 2020 ₹ 6.57 lakhs)

(II) Defined contribution plan

Contribution to defined contribution plans included under head 'Contribution to provident fund and employee state insurance (ESI) under Note 25 'Employee benefit expenses'

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Provident fund and ESI	23.98	21.35

(III) Other long term benefits plans

Other long term benefit plans represent the compensated absences provided to the employees of the Company.

Actuarial valuation has been done with the following assumptions:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	7.00%	7.00%
Salary growth rate	5.00%	5.00%
Mortality	IALM 2012-14	IALM 2012-14
Retirement age (years)	58.00	58.00
Withdrawal rate	5.00%	5.00%

32. Trade payables

(i) As per Micro, Small and Medium Enterprises Act, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. As per the information available with the Company, none of the creditors fall under the definition of "Supplier" as per Section 2(n) of the Act. In view of this prescribed disclosures under Section 22 of the Act are not required to be made in the financial statements.

33. Financial instruments

i. Financial instruments by category

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
	Amortised cost*	Amortised cost*
Financial assets		
Non-current		
Loans	1,533.33	1,200.00
Investment	950.00	950.00
Other financial assets	37.29	35.64
Current		
Trade receivable	1,633.14	1,637.67
Cash and cash equivalents	210.69	935.22
Other financial assets	216.42	367.97
Total financial assets at amortised cost	4,580.87	5,126.41
Financial liabilities		

Non-current		
Other financial liabilities	712.76	765.98
Current		
Trade payables	1,318.05	1,625.73
Other financial liabilities	127.03	135.47
Total financial liabilities at amortised cost	2,157.84	2,527.18

* The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value as at reporting date.

ii. Fair value hierarchy

The categories used are as follows:

Level 1: Quoted price in active market.

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Company.

Note: There are no assets in the Company as at March 31, 2021 and March 31, 2020 which are measured at fair value through profit and loss or fair value through other comprehensive income (in any of the above mentioned hierarchy levels).

34. Capital management

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity. The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total equity. The Company's policy is to keep an optimum gearing ratio. The Company includes within debt, interest bearing loans and borrowings.

35. Financial risk management objectives and policies

The Company has exposure to the following risks arising from financial instruments:

- Risk management framework (see 35(i));
- Credit risk (see 35(ii));
- Liquidity risk (see 35(iii)); and
- Market risk (see 35(iv)).

i. Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed periodically to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The management of Company monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management also assisted in its oversight role through the periodical internal audits carried out by the internal auditors.

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract. 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.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

Trade receivables

Customer credit risk is managed in line with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed through internal evaluation which takes into account the financial parameters, past experience with the counterparty and current economic/market trends.

Individual credit limits are thus defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Cash and cash equivalents and bank balances

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made with banks.

Loans and other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to related parties and employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Given below is the ageing of trade receivable and loans:

Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding for more than six months	-	-
Others	1,633.14	1,637.67

Loans

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current	1,533.33	1,200.00
Current maturities of long term loans	166.67	300.00

iii. Liquidity risk

The Company's treasury department monitors liquidity on an ongoing basis through rolling cash flow forecasts. The Company's objective is to maintain timely and adequate funding for its operations.

Maturities of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	As on March 31, 2021				As on March 31, 2020			
	Less than 1 year	1 - 3 years	More than 3 years	Total	Less than 1 year	1 - 3 years	More than 3 years	Total
Trade payable	1,318.05	-	-	1,318.05	1,625.73	-	-	1,625.73
Lease liabilities	53.22	239.93	472.83	765.98	48.66	293.15	472.83	814.64
Other financial liabilities	127.03	-	-	127.03	86.81	-	-	86.81
Total	1,555.24	295.19	307.42		1,761.21	293.15	472.83	

iv. 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 equity. The Company's treasury department is entrusted with managing the overall market risks in line with the Company's established risk management policies which are approved by the Board.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating or financing activities.

Unhedged foreign currency exposure

(Amount in lakhs)

Particulars	Currency	Year ending 31 March 2021			Year ended 31 March 2020		
		Amount in foreign currency	Exchange rate	Amount	Amount in foreign currency	Exchange rate	Amount
Trade payables	US Dollar	0.09	74.06	6.73	0.13	75.90	9.62
Trade receivables	Euro	2.02	84.90	171.89	1.86	82.14	152.73
Cash	Korean Won	2.04	0.06541	0.13	2.04	0.06	0.12

Impact on profit and loss account on account of change in currency –

For the year ended March 31, 2021

Currency	Net receivable	Sensitivity to increase of 1%	Sensitivity to decrease of 1%
US Dollar	(6.73)	(0.07)	0.07
Euro	171.90	1.72	(1.72)
Korean Won	0.13	0.00	(0.00)

For the year ended March 31, 2020

Currency	Net receivable	Sensitivity to increase of 1%	Sensitivity to decrease of 1%
US Dollar	(9.62)	(0.10)	0.10
Euro	152.74	1.53	(1.53)
Korean Won	0.12	0.00	(0.00)

b) Interest rate risk

The Company is not exposed to interest rate risk, as the Company does not have any borrowings.

36. Capital and other commitments

At March 31, 2021, the Company has ₹ 575.01 lakhs commitments (March 31, 2020: ₹ Nil) for contracts remaining to be executed on capital account.

37. Segment reporting

The business activity of the company predominantly falls within a single reportable business segment as per the requirements of Ind AS 108 – 'Operating Segments'.

Information about geographical area is given below:

	India	Outside India	Total
Year ended March 31, 2021			
Revenue from external customers (gross)	4,600.23	476.00	5,076.23
	India	Outside India	Total

Year ended March 31, 2020			
Revenue from external customers (gross)	7,350.58	503.41	7,853.99

The Company not holds any asset outside India.

38. Revenue

a. Disaggregated revenue information

The Company's revenue disaggregated by product and services offered is as follows:

Types of goods or services	For the year ended March 31, 2021	For the year ended March 31, 2020
Auto ancillary products	5,171.50	7,825.99
Others	-	28.00
Total revenue from contracts with customers	5,171.50	7,853.99

The Company's revenue disaggregated by geographical market is as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
India	4,695.50	7,350.58
Outside India	476.00	503.41
Total revenue from contracts with customers	5,171.50	7,853.99

b. Contract balances

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Trade receivable	1,633.14	1,637.67

c. Right of return assets and refund liabilities

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
RM indexation and giveback benefits	15.12	6.10

d. Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per contracted price	5,061.12	7,847.89
Adjustment: RM indexation and giveback benefits	15.12	6.10
Revenue from contract with customers	5,076.23	7,853.99

39. The spread of COVID 19 has affected the business operations post the national lock down. The Company has taken various measures in consonance with Central and State Government advisories to contain the pandemic.

Post lifting of the lock down, the Company has carried out a comprehensive assessment of possible impact on its business operations, financial and non-financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company has also performed sensitivity analysis on the assumptions used and does not foresee any significant incremental risk to the recoverability of its assets. In pursuant to the relaxed guidelines, the Company resumed its operations at all its plants. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of the above financial statements. Management

will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

40. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The funds were primarily allocated and utilized for the activities that are specified in Schedule VII of the Companies Act, 2013.

- a) Gross amount required to be spent by the Company during the year is ₹ 18.81 lakhs (March 31, 2020: ₹ 17.94 lakhs).
b) Amount spent during the year on:

Year ended March 31, 2021:

S. No	Particulars	In cash	Yet to be paid in cash	Total*
i)	Construction/acquisition of any asset	18.81	-	18.81
ii)	On purposes other than (i) above	-	-	-

Year ended March 31, 2020:

S. No	Particulars	In cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	17.94	-	17.94
ii)	On purposes other than (i) above	-	-	-

*The Company has proposed to spend ₹ 0.90 crores (previous year ₹ 1.40 crores) as against minimum amount of ₹ 0.90 crores (previous year 1.23 crores) in accordance with the approval of CSR Committee

41. As at March 31, 2021, the Company has investment in equity shares of Rico Jinfei Wheels Limited amounting to ₹ 950.00 lakhs (March 31, 2020: ₹ 950.00), accounted as per requirements of Ind AS 27, Separate Financial Statements, at cost. In accordance with Ind AS 36 "Impairment of Assets", such investment is considered as a separate cash generating unit (CGU) for the purpose of impairment review. Management periodically assesses whether there is an indication that such investment may be impaired. For investment, where impairment indicators exists, management compares the carrying amount of such investment with its recoverable amount. Recoverable amount is value in use of the investment computed based upon discounted cash flow projections

During the year, for long term interests in the subsidiary, the Company has considered it appropriate to undertake the impairment assessment based on certain indicators, with reference to the latest business plan. Based on management's impairment assessment, recoverable amount is higher than the carrying amount of long-term interests and hence, no impairment is recognized.

42. The Code on Social Security, 2020 ('Code') relating to employee benefits received presidential assent in September 2020, applicable for Indian entities. The code has been published in the official Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
43. There are no reportable subsequent events after the balance sheet date.
44. Particulars of loans given in accordance with section 186(4) of the Act:

Particulars	As at March 31, 2021	As at March 31, 2020
Long-term loans given to provide financial assistance to related parties for general business purpose:		
Rico Castings Limited @ 08.00% per annum		
Opening balance	-	-
Loans given during the year	1,100.00	-
Loans repaid during the year	-	-
Closing balance	1,100.00	-
AAN Engineering Industries Limited @ 08.00% per annum		
Opening balance	-	-
Loans given during the year	300.00	-
Loans repaid during the year	-	-
Closing balance	300.00	-

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

Kapbros Engineering industrial Limited @ 08.00% per annum		
Opening balance	-	-
Loans given during the year	300.00	-
Loans repaid during the year	-	-
Closing balance	300.00	-
Rico Auto Industries Limited @ 08.00% per annum		
Opening balance	1,500.00	-
Loans given during the year	-	1,500.00
Loans repaid during the year	1,500.00	-
Closing balance	-	1,500.00

45. Previous period figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

For **Walker Chandio & Co LLP**
Firm Registration No. 001076N/N500013
Chartered Accountants

For and on behalf of the Board of Directors
of **Rico Fluidtronics Limited**

Arun Tandon
Partner
Membership No.: 517273

Kaushalendra Verma
Managing Director
DIN: 02004259

Om Prakash Aggarwal
Director
DIN: 01537211

Sanjit Kumar Jana
Chief Financial Officer

Brajesh Kumar
Company Secretary

Place: New Delhi
Date: June 18, 2021

Place: Gurugram
Date: June 18, 2021



INDEPENDENT AUDITOR'S REPORT

The Members of Rico Friction Technologies Private Limited (formerly Metalart Friction Private Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Rico Friction Technologies Private Limited (formerly Metalart Friction Private Limited)** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, including other comprehensive income, the cash flows and its changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that



the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial Statements.

Other Information

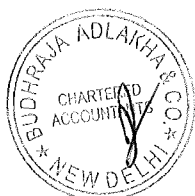
Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the Financial Statements

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

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statement

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the Financial Statements is included in **Annexure A**. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure B** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rule 2015, as amended.



- e) On the basis of the written representations received from the Directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the Internal Financial Control over Financial Reporting of the Company these with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- g) The provisions of Section 197 of the Companies Act, 2013 are not applicable to the Company.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – **Refer Note 31** to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Budhraj Adlakha & Co.
Chartered Accountants
Firm's Reg. No.: 005154N



Rahool Adlakha
(Partner)

Membership No.: 083788
UDIN: 21083788AAAABC1440

Place: Gurugram
Date: June 18, 2021

Annexure A

Responsibilities for Audit of Financial Statement

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.



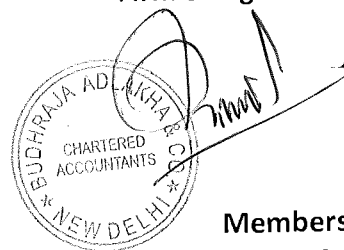
Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in;

- (i) Planning the scope of our audit work and in evaluating the results of our work; and
- (ii) To evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For Budhraj Adlakha & Co.
Chartered Accountants
Firm's Registration No.: 005154N



Rahool Adlakha
(Partner)
Membership No.: 083788
UDIN: 21083788AAAABC1440

Place: Gurugram

Date: June 18, 2021

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date.

Annexure –B to the Auditor's Report

Re: Rico Friction Technologies Private Limited (formerly Metalart Friction Private Limited) 2

- (a) The Company has maintained proper records showing full particulars, include quantitative details and situation of the fixed assets
 - (b) All fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
 - (c) As explained to us and based on our examination of the records of the Company, the company does not have any immovable property. Accordingly, Paragraph 3(i) (c) order is not applicable.
-
- i) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. The discrepancies noted on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
 - ii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii)(a) (b) and (c) of the Order are not applicable.
 - iii) As the Company has not made any Investments nor any Loans are given, Para 3(iv) of the Order is not applicable.
 - iv) According to the information and explanations given to us, the Company has not accepted any deposit during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
 - v) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.
 - vi) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax and Goods and Service Tax.



According to the information and explanations given to us, there are no undisputed amounts payable in respect of the above Statutory dues which were outstanding, as at March 31, 2021 for a period of more than six months, from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of income-tax, goods and service tax which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2021.

- vii) According to the information and explanations given to us, the company has not raised any loan or borrowing during the year from any financial institution, banks or government, therefore there is no default on account of repayment.
- viii) The Company has not raised any money by way of initial public offer or further public offers (including debt instruments). As per the information and explanations given to us, the Company has not raised any term loan during the year.
- ix) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- x) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid any managerial remuneration during the year. Hence, clause (xi) of the Order is not applicable.
- xi) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in notes to accounts in the financial statements.
- xiii) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or



directors of its holding, subsidiary or associate company or persons connected with them and hence Clause 3(xv) of the order is not applicable.

- xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Budhraja Adlakha & Co.
Chartered Accountants
(Firm's Registration No.: 005154N)**



**Rahool Adlakha
(Partner)**

**Membership No.: 083788
UDIN: 21083788AAAABC1440**

Place: Gurugram

Date: June 18, 2021

Annexure - C to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Rico Friction Technologies Private Limited (formerly Metalart Friction Private Limited)** ("the Company") as of 31st March 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Financial Statements and their operating effectiveness. Our audit of internal financial controls over



financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Financial Statements includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

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



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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these Financial Statements and such internal financial controls over financial reporting with reference to these Financial Statements were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Budhraj Adlakha & Co.
Chartered Accountants
(Firm's Registration No.: 005154N)



Rahool Adlakha
(Partner)

Membership No.: 083788
UDIN: 21083788AAAABC1440

Place: Gurugram

Date: June 18, 2021

RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)

Balance Sheet as at 31st March, 2021

(Rs in Lacs)

	Note No.	31st March 2021 (Rs.)	31st March 2020 (Rs.)	1st April 2019 (Rs.)
I. ASSETS				
1 NON-CURRENT ASSETS				
(a) Property, Plant And Equipment	3	60.20	67.93	69.00
(b) Financial Assets				
(i) Loans and advances	4	0.00	5.00	5.00
(c) Deferred Tax Assets (Net)	5	2.04	1.06	0.30
(d) Other Non-Current Assets	9	6.34	6.34	6.34
		68.58	80.33	80.64
2 CURRENT ASSETS				
(a) Inventories	6	19.03	22.41	9.36
(b) Financial Assets				
(i) Trade Receivable	7	54.75	0.19	0.00
(ii) Cash And Cash Equivalents	8	7.86	0.20	5.64
(iii) Loans and advances	4	0.09	0.00	0.00
(c) Other Current Assets	9	0.12	0.07	12.04
		81.85	22.87	27.04
TOTAL ASSETS		150.43	103.20	107.68
II EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	10	1.00	1.00	1.00
(b) Other Equity	11	53.00	(47.68)	(46.58)
		54.00	(46.68)	(45.58)
LIABILITIES				
1 NON-CURRENT LIABILITIES				
(a) Provisions	12	3.10	3.60	2.07
		3.10	3.60	2.07
2 CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	13	43.37	55.56	50.56
(ii) Trade Payables	14	18.51	16.76	9.21
(iii) Other Financial Liabilities	15	1.66	1.55	1.45
(b) Provisions	12	0.00	0.00	-
(c) Current Tax Liabilities (Net)	16	23.41	-	-
(d) Other Current Liabilities	17	6.38	72.41	89.97
		93.33	146.28	151.19
TOTAL EQUITY AND LIABILITIES		150.43	103.20	107.68

See accompanying notes to financial statements

As per our report of even date

For Budhraj Adlakha & Co.

Chartered Accountants

Firm Reg. No. 005154N

Rahool Adlakha
(Partner)

Membership No. 083788

Place : Gurugram

Dated : June 18, 2021



For and on behalf of the Board of Directors of
Rico Friction Technologies Private Limited

Amit Mangla
(Director)
(DIN: 08098974)

Om Prakash Aggarwal
(Director)
(DIN: 01537211)

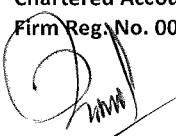
RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Statement of Profit & Loss for the year ended March 31, 2021

(Rs in Lacs)

	Note No.	31st March 2021	31st March 2020
I. INCOME			
(a) Revenue from Operations	18	403.10	173.20
(b) Other Income	19	0.38	0.00
Total Income		403.47	173.20
II. EXPENSES			
(a) Cost of Material and Components Consumed	20	151.62	65.50
(b) Changes in inventories of Finished Goods & Work in Progress	21	0.05	(4.73)
(c) Manufacturing Expenses	22	23.41	18.26
(d) Employee Benefits Expenses	23	56.20	38.57
(e) Finance Costs	24	0.03	0.01
(f) Depreciation & Amortisation	3	13.21	14.69
(g) Other Expenses	25	35.94	42.77
Total Expenses		280.46	175.06
III. Profit Before Exceptional Items and Tax (I-II)		123.01	(1.86)
IV Exceptional Items		0.00	0.00
V Profit before tax (III-IV)		123.01	(1.86)
VI Tax expenses:			
(a) Current Tax		23.41	-
(b) MAT Credit Entitlement			
(c) Deferred Tax		(1.00)	(0.76)
VII Profit for the year after tax (VI-VII)		100.60	(1.10)
VIII Other Comprehensive Income			
Items that will not be reclassified to profit or loss:-			
Re-measurement gains (losses) on defined benefit plans		0.11	0.00
Income tax benefit		(0.03)	
IX Net other comprehensive income not to be reclassified to profit or loss		0.08	0.00
X Total Comprehensive income for the year, net of tax(VIII-IX)		100.68	(1.10)
Earning per equity share(nominal value of Rs 10/- each)			
Basic		0.01	(0.00)
Diluted		0.01	(0.00)

See accompanying notes to financial statements


As per our report of even date
For Budhraj Adlakha & Co.
Chartered Accountants
Firm Reg.No. 005154N


Rahool Adlakha
(Partner)
Membership No. 083788



For and on behalf of the Board of Directors of
Rico Friction Technologies Private Limited


Amit Mangla
(Director)
(DIN: 08098974)


Om Prakash Aggarwa
(Director)
(DIN: 01537211)

Place : Gurugram
Dated : June 18, 2021



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Statement of Changes in equity for the year ended March 31, 2021

(Rs in Lacs)

a. Equity Share Capital

	Amount
Balance at April 1, 2019	1.00
Changes in equity share capital during the year	0.00
Balance at 31st March, 2020	1.00
Changes in equity share capital during the year	0.00
Balance at 31st March, 2021	1.00

b. Other Equity

Particulars	Reserve & Surplus		Total
	General Reserve	Retained Earnings	
Balance at April 1, 2019	-	(46.58)	(46.58)
Profit for the year	-	(1.10)	(1.10)
Other comprehensive income for the year, net of tax	-	0.00	0.00
Total comprehensive income for the year	-	(47.68)	(47.68)
Payment of Dividend		0.00	0.00
Tax on Dividend		0.00	0.00
Balance at March 31, 2020	-	(47.68)	(47.68)
Profit for the year	-	100.60	100.60
Other comprehensive income for the year, net of tax	-	0.08	0.08
Total comprehensive income for the year	-	53.00	53.00
Payment of Dividend		0.00	0.00
Tax on Dividend		0.00	0.00
Balance at March 31, 2021	-	53.00	53.00

See accompanying notes to financial statements

As per our report of even date

For Budhraj Adlakha & Co.

Chartered Accountants

Firm Reg. No. 005154N



Rahool Adlakha
(Partner)

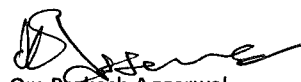
Membership No. 083788



For and on behalf of the Board of Directors of
Rico Friction Technologies Private Limited



Anil Mangla
(Director)
(DIN: 08098974)



Om Prakash Aggarwal
(Director)
(DIN: 01537211)



Place : Gurugram

Dated : June 18, 2021

RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Cash flow Statement for the year ended March 31, 2021

Particulars	(Rs in lacs)	
	For the year ended march 31, 2021	For the year ended march 31, 2020
Cash Flow From Operating Activities		
Profit before tax	123.01	(1.86)
Extraordinary Items	0.00	0.00
Adjustments for :		
Depreciation and amortisation expenses	13.21	14.69
Finance Costs	0.03	0.01
Re-measurement (loss)/gain on defined benefit plans	0.11	0.00
Operating profit before working capital changes	136.36	12.84
Adjustments for:		
- (Increase)/decrease in loans (non-current)	5.00	0.00
- (Increase)/decrease in other non-current assets	0.00	0.00
- (Increase)/decrease in inventories	3.38	(13.06)
- (Increase)/decrease in trade receivables	(54.56)	(0.19)
- (Increase)/decrease in loans (current)	(0.11)	0.00
- (Increase)/decrease in other current assets	(0.05)	11.97
- Increase/(decrease) in non-current provisions	(0.50)	1.54
- Increase/(decrease) in trade payables	1.75	7.55
- Increase/(decrease) in other financial liabilities (current)	0.10	0.10
- Increase/(decrease) in current provisions	0.00	0.00
- Increase/(decrease) in other current liabilities	(66.03)	(17.56)
Cash Generated From operations	(111.02)	(9.64)
Income tax paid (net)	0.00	0.00
Cash Generated From operations before extraordinary Items	25.35	3.20
Extraordinary Items	0.00	0.00
Net Cash From/(used in) Operating Activities (A)	25.35	3.20
Cash Flow From Investing Activities		
Payments for purchase of property, plant and equipment and capital work in progress	(5.55)	(13.63)
Proceeds from sale of property, plant and equipment	0.08	0.00
Net Cash from/(used in) Investing Activities (B)	(5.47)	(13.63)
Cash Flow From Financing Activities		
Repayment/Taken of Short term borrowings	(12.19)	5.00
Finance cost paid	(0.03)	(0.01)
Net Cash from/(used in) Financing Activities (C)	(12.22)	4.99
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	7.66	(5.44)
Add: Cash and Cash Equivalents at the beginning of the year	0.20	5.64
Cash and Cash Equivalents at the end of the year	7.86	0.20
Components of cash and cash equivalents		
Cash on Hand	0.45	0.14
With banks -		
On Current Accounts & cheque in hand	7.41	0.06
Total cash and cash equivalents (Refer Note No.-8)	7.86	0.20

As per our report of even date

For Budhraj Adlakha & Co.
Chartered Accountants
Firm Registration No :005154N

Rahool Adlakha
(Partner)
Membership No. 083788



Place : Gurugram
Dated : June 18, 2021

For and on behalf of the Board of Directors of
Rico Friction Technologies Private Limited

Amr Mangla
(Director)
(DIN: 08098974)

Om Prakash Aggarwal
(Director)
(DIN: 01537211)

RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

Note - 1: Corporate Information

The Company was incorporated as **Metalart Friction Private Limited** with the Registrar of Companies, NCT of Delhi & Haryana vide CIN: U29100HR2018PTC073338 dated 29th March, 2018. On 19th March 2021, the name of the company was changed to **Rico Friction Technologies Private Limited**. The main objects of the company are to carry on the Business of manufacturing automobile parts.

Note - 2: Basis of Preparation and Presentation

2.1 Statement of compliance

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Upto the year ended 31st March, 2019, the Company prepared the financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the Act. These are the Company's first Ind AS financial statements. The date of transition to the Ind AS is 1st April, 2019. **Refer to note no 35** for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of Preparation

The financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

2.3 Historical Cost convention

The Financial Statements have been prepared under historical cost convention on accrual basis except for certain assets and liabilities as stated in the respective policies, which have been measured at fair value.

2.4 Current / Non-Current classification

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

2.5 Functional and Presentation currency

Items included in the Financial Statements of the Company are measured and presented using the currency of the primary economic environment in which the Company operates ("Functional Currency"). Indian Rupee is the functional Currency of the Company.

2.6 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs (upto two decimal places) as per the requirements of Schedule III of the Act unless otherwise stated.

2.7 Key Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- a) Measurement of defined benefit obligations;
- b) Estimation of useful lives of property, plant and equipment and Intangible assets;
- c) Provision and contingent liabilities
- d) Carrying values of inventories; and
- e) Recognition of deferred tax

2.8 Summary of significant accounting policies

a. Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalized with the related fixed assets. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Capital work-in-progress represents assets under construction and is carried at cost.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are credited/debited to profit or loss.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2019 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

b. Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on written-down method on a pro-rata basis from the date in which each asset is ready to put to use to allocate their cost, net of their residual values, over their estimated useful lives as per prescribed Schedule II to the Companies Act, 2013.

Estimated useful life of assets is as follows which is based on technical evaluation of the useful lives of the assets:

Particulars	Estimated useful life
Plant & Machinery *	15 Years
Office equipment	5 Years
Furniture & Fixtures	10 Years
Computers	3 Years
Electrical Installation	10-15 Years

[Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of schedule II of the companies Act, 2013]*

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

c. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Initial recognition of intangible assets is carried at cost less accumulated amortisation and impairment losses, if any.

Intangible assets are amortized on Straight Line value method over the estimated useful economic life of 5 years.

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 recognized in the statement of profit and loss when the asset is derecognized.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

d. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

e. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

f. Cash & Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes 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.

g. Fair value measurement

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.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

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.

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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

h. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit and loss (FVTPL)



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

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.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisations and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Provisions & Contingencies

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

j. Revenue Recognition

Sale of Goods

Revenue is recognized upon transfer of control of promised goods to customers in an amount that reflects the consideration expected to receive in exchange for those goods. The arrangements with the customers generally creates single performance obligation, which is satisfied at a point of time, when the obligation is discharged i.e. on sale of goods.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

De-recognition of financial assets

A financial asset is primarily de-recognised 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.

Financial Liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised 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 de-recognition 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.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties.

Expected sales returns, volume and cash discounts are accounted as reduction of revenue basis the estimate of customers' future purchases / customers' future sales to downstream customers in the value-chain. Any changes in the estimated amount of obligations for discounts/incentives are recognized prospectively in the period in which the change occurs.

Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

k. Expenditures

Expenses are accounted on accrual basis.

l. Employee Benefits

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment towards un-availed leave, compensated absences and other terminal benefits.

i. Short-term obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled within the operating cycle after the end of the period in which the employees render the related services are recognised in the period in which the related services are rendered and are measured at the undiscounted amount expected to be paid.

ii. Other Long-term employee benefit obligations

Compensated absences

Long term employee benefits such as compensated absences and long service awards are charged to statement of profit and loss on the basis of an actuarial valuation carried out by an independent actuary as at the year-end. Actuarial gains and losses are recognised in full in the statement of profit and loss during the year in which they occur.

iii. Post-employment obligations

Defined benefit plans

Liability for defined benefit plans i.e. gratuity is determined based on the actuarial valuation carried out by an independent actuary as at the year-end. As these liabilities are relatively long term in nature, the actuarial assumptions take in account the requirements of the relevant Ind AS coupled with a long term view of the underlying variables / trends, wherever required.

Service cost and net interest cost on the defined benefit liabilities/assets are recognized in the statement of profit and loss as employee benefit expense. Gains and losses on measurement of



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

defined benefits liabilities arising from changes in actuarial assumptions and experience adjustments are recognised in the other comprehensive income and are included in retained earnings in the balance sheet.

Defined Contribution plans

The Company has defined contribution plans under which the company's pays fixed contribution into fund established under the Employee's State Insurance Act, 1948 and Employee Provident Fund and Miscellaneous Provision Act, respectively. The contributions recognised in respect of defined contribution plans are charged to the statement of profit and loss every year. The company has no further payment obligations both legal & Constructive, once the contributions have been paid.

Termination benefits

A liability for the termination benefit is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit.

m. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

iii. Current and Deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

n. Operating Leases

I. As a lessee

The Company leases assets primarily consists of office/factory premises which are of short term lease with the term of twelve months or less and low value leases, the Company recognizes the lease payments as an expense in Statement of profit and loss on the straight line basis over the period of lease.

II. As a Lessor

Leases for which the Company is a lessor is classified as finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and benefits of ownership of the leased assets are classified as Finance leases. All other leases are classified as operating lease.

o. Cash flow Statement

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above.

p. Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Notes to the financial statements for the year ended March 31, 2021

(Rs in Lacs)

3 Carrying Amount of	As at	As at	As at
	March 31, 2021	March 31, 2020	April 1, 2019
Plant and Machinery	50.34	60.22	59.48
Office Equipment	0.23	0.42	0.61
Furniture and Fixture	3.69	4.98	6.45
Electrical Installation	5.83	2.03	1.97
Computers	0.10	0.28	0.50
	60.20	67.93	69.00

Cost or deemed cost

Particulars	Plant and Machinery	Office Equipment	Furniture and Fixture	Electrical Installation	Computers	Total
Deemed cost at April 1, 2019	59.48	0.61	6.45	1.97	0.50	69.00
Addition for the year	12.41	0.13	0.22	0.69	0.17	13.63
Disposal / adjustments	-	-	-	-	-	-
Balance at March 31, 2020	71.89	0.73	6.67	2.66	0.67	82.62
Addition for the year	1.16	-	-	4.39	-	5.55
Disposal / adjustments	(0.10)	-	-	-	-	(0.10)
Balance at March 31, 2021	72.95	0.73	6.67	7.05	0.67	88.07

Accumulated Depreciation and

Accum. Dep. as at April 1, 2019	-	-	-	-	-	-
Depreciation expenses	11.67	0.31	1.69	0.63	0.38	14.69
Disposal / adjustments	-	-	-	-	-	-
Accm. Dep. at March 31, 2020	11.67	0.31	1.69	0.63	0.38	14.69
Depreciation expenses	10.97	0.19	1.29	0.58	0.18	13.21
Disposal / adjustments	(0.02)	0.00	0.00	0.00	0.00	(0.02)
Balance at March 31, 2021	22.62	0.50	2.98	1.21	0.56	27.87

Carrying amount of

Particulars	Plant and Machinery	Office Equipment	Furniture and Fixture	Electrical Installation	Computers	Total
Deemed cost at April 1, 2019	59.48	0.61	6.45	1.97	0.50	69.00
Addition for the year	12.41	0.13	0.22	0.69	0.17	13.63
Disposal / adjustments	-	-	-	-	-	-
Depreciation charges	-11.67	-0.31	-1.69	-0.63	-0.38	-14.69
Balance at March 31, 2020	60.22	0.42	4.98	2.03	0.28	67.93
Addition for the year	1.16	-	-	4.39	-	5.55
Disposal / adjustments	(0.10)	-	-	-	-	(0.10)
Depreciation charges	(10.95)	(0.19)	(1.29)	(0.58)	(0.18)	(13.19)
Balance at March 31, 2021	50.34	0.23	3.69	5.83	0.10	60.20



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Notes to the financial statements for the year ended March 31, 2021

(Rs in lacs)

4	Loans (unsecured and considered good, unless otherwise stated)	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
	Non-Current			
	Unsecured, Considered good			
	Security Deposits	-	5.00	5.00
		-	5.00	5.00
	Current			
	Unsecured, considered good			
	Employee/Worker related loans and advances	0.09	-	-
	Other loans			
		0.09	-	-

5	Deferred Tax Assets	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
	Property, Plant and Equipment and Intangible Assets	0.83	0.08	-0.27
	Accrued Expenses Deductible on Payment	1.19	0.39	-
	Others	0.02	0.60	0.57
	Deferred tax (liabilities)/assets (Net)	2.04	1.06	0.30

Significant components of net deferred tax assets and liabilities are as follows:

	Opening Balance	Recognised in Profit or Loss	Recognised in OCI	Closing Balance
<i>For the year ended March 31, 2021</i>				
Property, plant and equipment and Intangible assets	0.08	0.76	-	0.83
Accrued expenses allowed in the year of payment	0.39	0.82	-	1.22
Remeasurement of Defined Benefit Obligations	-	-	-0.03	-0.03
Others	0.60	-0.58	-	0.02
Net deferred tax Assets	1.06	1.00	(0.03)	2.04
<i>For the year ended March 31, 2020</i>				
Property, plant and equipment and Intangible assets	-0.27	0.34	-	0.08
Accrued expenses allowed in the year of payment	-	0.39	-	0.39
Remeasurement of Defined Benefit Obligations	-	-	-	-
Others	0.57	0.03	-	0.60
Net deferred tax Assets	0.30	0.76	-	1.06

Note: *Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.*

Note: *In view of the Company's past financial performance and future profit projections, the Company expects that it shall generate sufficient future taxable income to fully recover the deferred tax assets.*

6	Inventories	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
	<i>(As valued and certified by the Management -lower of cost and net realisable value)</i>			
	Raw Material & Components	10.29	13.61	5.29
	Work-in-process	-	-	2.54
	Finished Goods	8.74	8.80	1.53
		19.03	22.41	9.36

7	Trade Receivable	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
	Unsecured - considered good	54.75	0.19	-
		54.75	0.19	-

Note: *The credit period generally allowed on domestic sales varies from 30 to 60 days (excluding transit period).*

Age of Receivables

Within the credit period

Upto 6 months past due

More than 6 months past due

	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
Within the credit period	54.75	0.19	-
Upto 6 months past due	-	-	-
More than 6 months past due	-	-	-
	54.75	0.19	-



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Notes to the financial statements for the year ended March 31, 2021

				(Rs in lacs)
8	Cash and Bank Balances	March 31, 2021	March 31, 2020	April 1, 2019
		(Rs.)	(Rs.)	(Rs.)
	Cash and cash equivalents:			
	Current Account with Schedule bank	7.41	0.06	5.63
	Cash in hand	0.45	0.14	0.01
	Cash and cash equivalents as per cash flow statement	7.86	0.20	5.64
9	Other assets	March 31, 2021	March 31, 2020	April 1, 2019
		(Rs.)	(Rs.)	(Rs.)
	<i>Unsecured and considered good, unless otherwise stated</i>			
	Non-Current			
	Capital Advances	6.34	6.34	6.34
	Prepaid Expenses	-	-	-
		6.34	6.34	6.34
	Current			
	Advance to Supplier	0.06	0.07	0.07
	Prepaid Expenses	0.06	-	-
	Balance with Government Authorities			
	-VAT / Goods & Service Tax	-	-	11.97
		0.12	0.07	12.04



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
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Notes to the financial statements for the year ended March 31, 2021

10	Equity Share Capital	(Rs in lacs)		
		March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
Authorised Share Capital:				
	100000 Equity shares of Rs 10/- Each (as at 31.03.2020 : 100000 Equity shares of Rs 10/- Each & as at 01.04.2019 : 100000 Equity shares of Rs 10/- Each)	10.00	10.00	10.00
		<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
Issued, subscribed and fully paid up share capital:				
	10000 Equity shares of Rs 10/- Each (as at 31.03.2020 : 10000 Equity shares of Rs 10/- Each & as at 01.04.2019 : 10000 Equity shares of Rs 10/- Each)	1.00	1.00	1.00
		<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
	Total issued, subscribed and paid up share capital	1.00	1.00	1.00

a) Rights, Preference and restriction attached to equity shares

The Company has only one class of equity shares, having par value of Rs.10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders.

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 the equity shareholders.

b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year

Equity Shares	March 31, 2021		March 31, 2020		April 1, 2019	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Balance as at the beginning of the year	10,000	1.00	10,000	1.00	10,000	1.00
Issued during the year						
Balance as at the end of the year	<u>10,000</u>	<u>1.00</u>	<u>10,000</u>	<u>1.00</u>	<u>10,000</u>	<u>1.00</u>

c) Shares held by holding /ultimate holding company and /or their subsidiaries /associates

	March 31, 2021		March 31, 2020		April 1, 2019	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Rico Auto Industries Limited ,[Holding Co.]						
7000 equity shares @ Rs 10 each fully paid up	7,000	0.70	-	-	-	-
(Previous year NIL equity shares @ Rs 10 each fully paid up)						
	<u>7,000</u>	<u>0.70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

d) Details of shares held by each shareholder holding more than 5% shares

Equity Shares of Rs 10 each, fully paid up	March 31, 2021		March 31, 2020		April 1, 2019	
	Nos.	% holding in the class	Nos.	% holding in the class	Nos.	% holding in the class
Rico Auto Industries Limited	7,000	70.00%	-	0.00%	-	0.00%
Mrs. Kanchan Mangla	1,500	15.00%	5,000	50.00%	5,000	50.00%
Mr. Amit Mangla	1,500	15.00%	5,000	50.00%	5,000	50.00%

11	Other Equity	(Rs.)		
		March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
	Retained earnings	53.00	-47.68	-46.58
		<u>53.00</u>	<u>-47.68</u>	<u>-46.58</u>

Retained earnings

	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)
Balance at beginning of the year		-47.68
Add : Profit for the year		100.60
Other comprehensive income arising from remeasurement of defined benefit obligation (net of tax)*		0.08
Balance at end of year	53.00	-47.68

* Net of Income Tax of Rs 0.03 Lacs (Previous Year of Rs NIL.)

12	Provisions	(Rs.)		
		March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
Non-current				
	Provision for Gratuity	3.10	1.41	-
	Rent Equilisation Reserves	-	2.19	2.07
		<u>3.10</u>	<u>3.60</u>	<u>2.07</u>
Current				
	Provision for Gratuity	0.00	0.00	-
		<u>0.00</u>	<u>0.00</u>	<u>-</u>



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
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Notes to the financial statements for the year ended March 31, 2021

(Rs in lacs)

	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)	April 1, 2019 (Rs.)
13 Borrowings			
Current			
Loan From Directors (Unsecured)*	43.37	55.56	50.56
	<u>43.37</u>	<u>55.56</u>	<u>50.56</u>
* Loan Received from Directors as interest free loan and is repayable on demand.			
14 Trade Payable			
Dues to Micro Enterprises and Small Enterprises (Refer Note 31)	10.25	9.59	2.15
Other Payables	8.26	7.17	7.06
TOTAL (Rs.)	<u>18.51</u>	<u>16.76</u>	<u>9.21</u>
15 Other Financial Liabilities			
Current			
Payables to employees	1.66	1.55	1.45
Interest accrued	-	-	-
TOTAL (Rs.)	<u>1.66</u>	<u>1.55</u>	<u>1.45</u>
16 Income tax liabilities (net)			
Provision for Income Tax	23.41	-	-
Advance Tax (taxes paid)	-	-	-
	<u>23.41</u>	<u>-</u>	<u>-</u>
17 Other Liabilities			
Current			
Advance from Customers	-	70.80	88.96
Audit Fees Payable	0.56	0.54	0.70
Statutory Remittances :			
- TD5 payable	0.26	0.34	0.27
- Goods and Service Tax Payable	4.44	0.10	-
- Provident,ESI & Other Fund Payable	1.12	0.63	0.04
	<u>6.38</u>	<u>72.41</u>	<u>89.97</u>



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

(Rs In lacs)

	March 31, 2021 Amount (Rs.)	March 31, 2020 Amount (Rs.)
18 Revenue from operations		
Sale of Products and Services		
Sale of Products	403.10	173.20
Revenue from Operations	403.10	173.20
19 Other Income		
Miscellaneous Income	0.38	-
	0.38	-
20 Raw Material & Components consumed		
Inventory at the beginning of the year	13.61	5.29
Add : Purchase during the year	148.30	73.82
	161.91	79.11
Less: Inventory at the end of the year	10.29	13.61
Cost of raw material and components consumed	151.62	65.50
21 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Work-in-Process		
Inventories at the beginning of year	-	2.54
Inventories at the end of year	-	-
	-	2.54
Finished Goods		
Inventories at the beginning of year	8.80	1.53
Inventories at the end of year	8.75	8.80
	0.05	-7.27
Net Changes in Inventories	0.05	-4.73
22 Manufacturing Expenses		
Consumable tools consumed		
Others stores & spares consumed	0.19	0.28
Power & Fuel	17.01	12.60
Sub Contractor Charges	5.10	5.03
DG Hire Charges	1.11	0.35
	23.41	18.26
23 Employee Benefit expenses		
Salary & Wages	48.47	34.30
Employer Contribution to PF & Others	4.44	1.89
Gratuity Expenses	1.81	1.41
Staff Welfare Expenses	1.48	0.98
		-
TOTAL (Rs.)	56.20	38.57



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
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Notes to the financial statements for the year ended March 31, 2021

24	Finance Costs	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)
	Bank Charges	0.01	0.00
	Other Interest	0.02	0.01
	TOTAL (Rs.)	0.03	0.01
25	Other Expenses	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)
	Cartage Inward	0.67	0.87
	Carriage Outward	2.30	1.42
	Conveyance Expenses	0.53	0.24
	Cleaning Expenses	0.15	0.12
	Factory Rent	24.47	31.86
	Packing Expenses	2.10	0.87
	Job Work Charges	0.03	0.09
	Legal & Professional Charges	0.86	1.22
	Loading & Unloading Charges	0.09	0.36
	Postage and Courier	-	0.00
	Printing & Stationary	0.26	0.47
	Repair & Maintenance	2.57	1.67
	Telephone Expenses	0.07	0.08
	Testing Expenses	0.13	0.27
	Water Expenses	0.18	0.24
	Misc. Expenses	0.93	2.39
	Payments to the auditors		-
	Audit Fees	0.60	0.60
	TOTAL (Rs.)	35.94	42.77



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

(Rs in Lacs)

26	Income Taxes	For the year ended March 31, 2021	For the year ended March 31, 2020
26.1	Income tax recognised in Profit & Loss		
	Current Tax		
	In respect of the current year	23.41	-
		23.41	-
	Deferred Tax		
	In respect of the current year	(1.00)	(0.76)
		(1.00)	(0.76)
	Total income tax expense recognised in the profit & Loss	22.41	(0.76)

26.2 The income tax expense for the year can be reconciled to the accounting profit as follows

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	123.01	(1.86)
Substantially enacted tax rate (i.e. Tax Rate 26%)	31.98	-
Non Deductable expenses	0.86	-
Accrued expenses allowed in the year of payment	-0.58	-
Others	-8.85	-
Current Tax Provision	23.41	-
Incremental deferred tax liability on account of property, plant and equipment and Intangible assets	-0.76	-0.34
Incremental deferred tax liability/ (Assets) on account of Financial Assets and other items.	-0.24	-0.42
Deferred Tax Provision	-1.00	-0.77

27 Earning per share (EPS)

Earning Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 issued by The Institute of Chartered Accountants of India:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit for the year, as per Statement of Profit & Loss (Rs.)	100.68	(1.10)
Weighted average number of equity shares for the purposes of Basic/diluted earnings per share (in Nos)	10,000	10,000
Basic Earning Per share (Rs.)	0.01	(0.00)
Diluted Earning Per share (Rs.)	0.01	(0.00)

28 Retirement and Other Employee Benefits

The various benefits provided to employees by the Company are as under:

28.1 Defined contribution plans

- Employers contribution to Employee State Insurance
- Employers contribution to provident fund & other fund

During the year the Company has recognised the following amounts in the statement of profit and loss:

	31-Mar-21	31-Mar-20
Employers contribution to provident fund	3.33	1.16
Employers contribution to ESI	1.02	0.66



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED*(formerly Metalart Friction Private Limited)*

Notes to the financial statements for the year ended March 31, 2021

(Rs in Lacs)

28.2 Defined benefit plans and other long term benefits

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, demographic risk and salary risk.

i) Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

ii) Interest risk:

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability. (as shown in financial statements).

iii) Demographic Risk:

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

iv) Salary Risk:

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

	31-Mar-21	31-Mar-20
Gratuity Plan:		
I (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	1.41	-
Current Service Cost (B)	1.72	1.15
Interest Cost (C)	0.10	-
Remeasurement (or actuarial) (gain) / loss arising (D)	-0.11	-
Benefits Paid (E)	-	-
Past Service Cost including curtailment Gains/Losses (F)	-	0.26
Present value of obligations at the end(F=A+B+C+D+E+F)	3.11	1.41
(ii) Change in plan assets :		
Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-
Fair value of plan assets as on at the end (F=A+B+C+D+E)	-	-
(iii) Net Liabilities/ (Assets) (i-ii)	3.11	1.41
(iv) Net gratuity cost for the year ended:		
In Statement of Profit & Loss A/c		
Current Service Cost (A)	1.72	1.15
Interest cost (B)	0.10	-
Expected return on plan assets (C)	-	-
Past Service Cost including curtailment Gains/Losses (D)	-	0.26
In Statement of Other Comprehensive Income		
Actuarial (gain)/Loss recognised in the year (E)	-0.11	-
Net gratuity cost (E=A+B+C+D+E)	1.70	1.41
(v) Bifurcation of Projected Benefit Obligation at the end of year as per Schedule III to the Companies Act, 2013		
Current Liability (Amount due within one year)	-	-
Non-Current Liability (Amount due over one year)	3.11	1.41
Total Projected Benefit Obligation at the end of year	3.11	1.41



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED*(formerly Metalart Friction Private Limited)***Notes to the financial statements for the year ended March 31, 2021****(Rs in Lacs)****(vi) Sensitivity analysis for gratuity liability**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

	31st March, 2021		31st March, 2020	
	Increased	Decreased	Increased	Decreased
Impact of change in discount rate (+/- 0.5%)	-0.27	0.31	-	-
Impact of change in salary (+/- 0.5%)	0.29	-0.27	-	-

29 Related party disclosures**Names of related parties and related party relationship**

i) Description of Relationship	Related parties where control exists
Holding Company	Rico Auto Industries Ltd (W.e.f 30.12.2020)
Subsidiary of Holding Company	Rico Investments Limited AAN Engineering Industries Ltd Rico Auto Industries Inc. (USA) Rico Auto Industries (UK) Ltd. Rico Fluidtronics Limited Rico Jinfie Wheels Ltd RASA Autocom Ltd Rico Aluminium & Ferrous Auto Components Ltd
KMP of Holding Company	Mr. Arvind Kapur Mr. Arun kapur

ii) Key Management personnel

Details of Key Managerial personnel are as under :

Name of key persons

Mr. Amit Mangla	Director
Mr. Om Prakash Aggarwal	Director
Mr. Arvind Kumar Mangla	Director
Mr. Kaushalendra Verma	Director
Mr. Manoj Kumar Jain	Director
Mr. Naresh Kumar Sethi	Director

iii) Entities Controlled/Jointly Controlled by the Key Management Personnel (KMP) or KMP of Holding Companies:

Kapbros Engineering Industries Ltd.
Rico Castings Limited
ASN Manufacturing and Services Private Limited
Magpie Manufacturing and Tech Private Limited
Meraki Manufacturing and Finvest Advisors Private Limited
ASN Properties Private Limited



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Notes to the financial statements for the year ended March 31, 2021
(Rs in Lacs)
Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
Rico Auto Industries Ltd.*		
Transactions during the period December 30, 2020 to March 31,2021		
Sale of Finished / Unfinished Goods	161.70	-
Purchase of Raw Material /consumables/store	1.06	-
Transfer of Shares From Mr. Amit mangla & Mrs. Kanchan Mangla	0.70	-
Amount payable	-	-
Amount receivable	54.75	-
Mr. Amit mangla		
Loan Received	-	2.00
Loan Repaid	7.19	-
Transfer of shares to Rico Auto Industries Ltd.	0.35	-
Balance Payable	18.28	25.47
Mrs. Kanchan Mangla		
Loan Received	-	3.00
Loan Repaid	5.00	-
Transfer of shares to Rico Auto Industries Ltd.	0.35	-
Balance Payable	25.09	30.09

30 Capital and other commitments

Estimated amount of contracts remaining to be executed on account of capital commitment Rs. Nil Lakhs (previous year Rs. Nil) net of advance Rs Nil (previous year Rs. Nil)

31 Contingent Liabilities
31-Mar-21
31-Mar-20

- a) Claims not acknowledged by the Company relating to cases contested by the
 b) Demand against the company acknowledged as liability i.e. Income Tax, Sales

-

-

-

-

32 Dues To Micro, Small And Medium Enterprises
31-Mar-21
31-Mar-20
Principal
Interest
Principal
Interest

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;

10.25

-

9.59

-

The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;

-

-

-

-

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;

-

-

-

-

The amount of interest accrued and remaining unpaid at the end of each accounting year; and

-

-

-

-

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.

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RICO FRICTION TECHNOLOGIES PRIVATE LIMITED

(formerly Metalart Friction Private Limited)

Notes to the financial statements for the year ended March 31, 2021

(Rs in Lacs)

33 Imported and indigenous raw material, components and spares parts consumed

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
Raw Material		
Indigenous	151.67	60.77
Imported	-	-
Percentage of total consumption		
Indigenous	100%	100%
Imported		
Stores & Spares		
Indigenous	0.19	0.28
Imported	-	-
Percentage of total consumption		
Indigenous	100%	100%
Imported	-	-

34 Financial instruments and risk management

34.1 A Financial Instruments by Category

	March 31, 2021		March 31, 2020		April 1, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets*						
Non Current						
Loan and advances	-	-	-	5.00	-	5.00
Current						
Trade Receivables	-	54.75	-	0.19	-	-
Cash and Cash Equivalents	-	7.86	-	0.20	-	5.64
Loan and advances	-	0.09	-	-	-	-
Total financial assets	-	62.70	-	5.39	-	10.64
Financial liabilities						
Current						
Short term borrowings	-	43.37	-	55.56	-	50.56
Trade payables	-	18.51	-	16.76	-	9.21
Other Financial Liabilities (including current maturities)	-	1.66	-	1.55	-	1.45
Total financial liabilities	-	63.54	-	73.88	-	61.22



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED*(formerly Metalart Friction Private Limited)***Notes to the financial statements for the year ended March 31, 2021****(Rs in Lacs)****34.2 Financial risk management**

The Company, is exposed to various market risks, credit risk and liquidity risk. The laid down processes, periodic communication, control framework and management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risk in which the company is exposed to and how it manages the risk.

34.2.A Market risk:**a. Price risk:**

The Company is manufacturer of friction element (rubber Components) for clutch plate used in two wheers. Raw material is primarily imported or local and includes various kind of resins. Fluctuation in commodity prices in global market affects directly and indirectly the price of raw material and components used by the Company in manufacturing its various product segments. Further, Pricing pressure from its major Customer to give price cuts and the inability to pass on the increased cost of inputs to the customers may also affect the profitability of the company. The Price risk arises due to fluctuation in prices of these commodities.

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices. The Company's commodity risk is managed centrally through well-established trading operations and control processes. Further, the Company is having arrangement with major customer for actualization of raw material price variations periodically.

b. Interest rate risk:

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation at floating interest rates.

The exposure of the Company's borrowing at variable rate and fixed rate at the end of reporting period are as follows:

Particulars	31-Mar-21	31-Mar-20
Variable rate borrowings	NIL	NIL
Fixed rate borrowings	NIL	NIL
Total borrowings	-	-

Profit / loss is sensitive to higher / lower interest expense from borrowings as a

	For the year ended March 31, 2021	For the year ended March 31, 2020
Variable : Interest rate increase by 0.5%	Nil	Nil
Interest rate decrease by 0.5%	Nil	Nil

34.2.B Credit Risk :

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Company and arises principally from the Company's receivables from customers and liquid investments with banking institutions / mutual funds. The maximum amount of the credit exposure is equal to the carrying amounts of these receivables.

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customer, is its ultimate holding company with good credit rating . Other customers are subjected to credit assessments as a precautionary measure, and the adherence of all customers to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default.

Liquidity risk:

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities.

The Company manages liquidity risk by maintaining availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED*(formerly Metalart Friction Private Limited)***Notes to the financial statements for the year ended March 31, 2021****(Rs in Lacs)****Maturities of financial liabilities**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	0- 3 months	3 - 6 months	6 months - 1 Year	1 - 3 Years	More than 3 years	Total
As at March 31, 2021						
Borrowing	43.37	-	-	-	-	43.37
Trade Payable (Goods, Service & Capital Goods)	18.51	-	-	-	-	18.51
Others	1.66	-	-	-	-	1.66
Total	63.54	-	-	-	-	63.54

	0- 3 months	3 - 6 months	6 months - 1 Year	1 - 3 Years	More than 3 years	Total
As at March 31, 2020						
Borrowing	55.56	-	-	-	-	55.56
Trade Payable (Goods, Service & Capital Goods)	16.76	-	-	-	-	16.76
Others	1.55	-	-	-	-	1.55
Total	73.88	-	-	-	-	73.88

34.3 Capital management

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity. The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total equity. The Company's policy is to keep an optimum gearing ratio. The Company includes within debt, interest bearing loans and borrowings.

Net Debt (Total Debt less cash and cash equivalents) divided by Total equity

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 31, 2019
Debt	43.37	55.56	50.56
Cash and cash equivalent	7.86	0.20	5.64
Net Debts	35.51	55.36	44.92
Total Equity	54.00	-46.68	-45.58
Net debts to Total Equity	0.66	-1.19	-0.99

Loan covenants

The Company is in compliant with all the loan covenants on all the borrowings outstanding as on the financial statements date.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Notes to the financial statements for the year ended March 31, 2021

(Rs in Lacs)

35 First-time adoption of Ind AS

These are the first financial statements prepared in accordance with Ind AS by the Company.

The accounting policies and other principles set out in Note 3 and 4 have been applied in preparing financial statements for the year ended March 31, 2021, the comparative information presented in these financial statements for the year ended March 31, 2020 and in preparation of an opening Ind AS balance sheet at April 01, 2019 (the transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006(as amended) and other relevant provisions of the act (previous GAAP or Indian GAAP).

35.1 Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

35.2 Ind AS optional exemptions

35.2.a Deemed cost for property, plant and equipment

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plants and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also used for intangible assets covered by Ind AS 38 Intangible Assets.

35.2.b Leases

In accordance with Ind-AS transitional provisions, the company opted to determine whether an arrangement existing at the date of transition contains a lease on the basis of facts and circumstances existing at the date of transition rather than at the inception of the arrangement.

35.3 Ind AS Mandatory exemptions

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error

Ind AS estimates as at April 01, 2019 are consistent with the estimates as at the same date made in conformity with previous GAAP (after adjustments to reflect any difference in accounting policies) apart from certain new estimates that were not required under previous GAAP.



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Notes to the financial statements for the year ended March 31, 2021

(Rs in Lacs)

35.4 Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

35.4.a Effect of Ind AS adoption on the balance sheet as at March 31, 2020 and April 1, 2019

Particulars	31st March 2020			1st April 2019		
	IGAAP	Ind AS (adj.)	Ind AS	IGAAP	Ind AS (adj.)	Ind AS
I. ASSETS						
1 NON-CURRENT ASSETS						
(a) Property, Plant And Equipment	67.93		67.93	69.00		69.00
(b) Financial Assets			-			-
(i) Loans and advances	5.00		5.00	5.00		5.00
(c) Deferred Tax Assets (Net)	1.06		1.06	0.30		0.30
(d) Other Non-Current Assets	6.34		6.34	6.34		6.34
	80.33	-	80.33	80.64	-	80.64
2 CURRENT ASSETS						
(a) Inventories	22.41		22.41	9.36		9.36
(b) Financial Assets			-			0.00
(i) Trade Receivable	0.19		0.19	0.00		0.00
(ii) Cash And Cash Equivalents	0.20		0.20	5.64		5.64
(iii) Loans and advances	0.00		-	0.00		0.00
(c) Other Current Assets	0.07		0.07	12.04		12.04
	22.87	-	22.87	27.04	0.00	27.04
TOTAL ASSETS	103.20	-	103.20	107.68	-	107.68
II EQUITY AND LIABILITIES						
EQUITY						
(a) Equity Share Capital	1.00	-	1.00	1.00	0	1.00
(b) Other Equity	(47.68)	-	(47.68)	(46.58)	0	(46.58)
	-46.68	-	-46.68	-45.58	-	-45.58
LIABILITIES						
1 NON-CURRENT LIABILITIES						
(a) Provisions	3.60	0	3.60	2.07	0	2.07
	3.60	-	3.60	2.07	0.00	2.07
2 CURRENT LIABILITIES						
(a) Financial Liabilities						
(i) Borrowings	55.56		55.56	50.56		50.56
(ii) Trade Payables	16.76		16.76	9.21		9.21
(iii) Other Financial Liabilities	1.55		1.55	1.45		1.45
(b) Provisions	0.00		0.00	0.00		-
(c) Current Tax Liabilities (Net)	-		-	0.00		-
(d) Other Current Liabilities	72.41		72.41	89.97		89.97
	146.28	-	146.28	151.19	0.00	151.19
TOTAL EQUITY AND LIABILITIES	103.20	-	103.20	107.68	-	107.68



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Notes to the financial statements for the year ended March 31, 2021

(Rs in Lacs)

35.4.b Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2020

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
INCOME			
Revenue from Operations	173.20		173.20
Other Income	-		-
Total Income	173.20	-	173.20
EXPENSES			
Cost of Material Consumed	65.50		65.50
Changes in Inventories of finished goods & work-in-progress	(4.73)		(4.73)
Manufacturing Expenses	18.26		18.26
Employee benefits expenses	38.57		38.57
Finance costs	0.01		0.01
Depreciation and amortisation expenses	14.69		14.69
Other expenses	42.77		42.77
Total expenses	175.06	-	175.06
Profit/(loss) before exceptional items and tax	(1.86)	-	(1.86)
Exceptional Items	-	-	-
Profit/(loss) before tax	(1.86)	-	(1.86)
Tax expense			
Current Tax			
MAT Credit entitlement			
Deferred tax	(0.76)		(0.76)
Profit/(loss) for the year from continuing operations	(1.10)	-	(1.10)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:-			
Re-measurement gains (losses) on defined benefit plans			
Income tax benefit	-		-
Net other comprehensive income not to be reclassified to profit or loss	-	-	-
Total Comprehensive income for the year, net of tax	(1.10)	-	(1.10)

Reconciliation of Equity

Particulars	As at March 31, 2020	As at April 1, 2019
Other equity (reserves and surplus) under Previous GAAP	(46.58)	(46.58)
Adjustments :		
Measurement of current investment at fair value	-	-
Deferred tax impact of above adjustments	-	-
Others	-	-
Total adjustment to equity	-	-
Total equity as per Ind AS	(46.58)	(46.58)



RICO FRICTION TECHNOLOGIES PRIVATE LIMITED
(formerly Metalart Friction Private Limited)
Notes to the financial statements for the year ended March 31, 2021

(Rs in Lacs)

Reconciliation of Profit after tax

Particulars	Year ended March 31, 2020
Profit as per previous GAAP	(1.10)
Adjustments as per Ind AS :	
Measurement of Current investment at fair value	-
Adjustment for recording actuarial gains and losses in other comprehensive income	-
Others	-
Deferred tax impact of above adjustments	-
Total effect of transition to Ind AS	-
Profit for the year as per Ind AS	(1.10)
Other comprehensive income for the year (net of tax)	-
Total effect of transition to Ind AS	(1.10)

35.4.c Cash flow Statements

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

35.5 Deferred Tax

In accordance with Ind AS 12, "Income Taxes", the Company on transition to Ind AS has recognised deferred tax on temporary differences, based on Balance Sheet approach. The tax impacts primarily represent deferred tax consequences arising out of Ind AS re-measurement changes.

35.6 Re-measurement of defined benefit plans

Under Ind AS, remeasurement i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurement were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2020 was not affected. There is no impact on the total equity as at March 31, 2020.

35.7 Retained Earnings

Retained earnings as at April 01, 2019 has been adjusted consequent to the above Ind AS transition adjustments.

35.8 Other Comprehensive income

Under Ind AS, all items of income and expense recognised during the year are included in the profit or loss for the year, unless Ind AS requires or permits otherwise. Items that are not recognised in profit or loss but are shown in the statement of profit and loss and other comprehensive income include re-measurement gains or losses on defined benefit plans and fair value changes of equity investments.

The concept of other comprehensive Income did not exist under the Previous GAAP.

36 Segment wise revenue, results and capital employed

a. As the Company's business activity falls within a single primary business segment viz. "manufacturing and sale of auto components for two wheelers and four wheelers", hence, the company has only one primary reportable business segment.

b. Secondary segment: Geographical- No such reporting required as company is operating in India only.

37 Previous year figures

Previous GAAP figures have been regrouped/ reclassified wherever necessary to conform to the requirements prescribed under Division II of Schedule III to the Companies Act, 2013

As per our report of even date

For **Budhraj Adlakha & Co.**

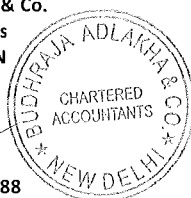
Chartered Accountants

Firm Reg. No. 005154N

Rahool Adlakha

(Partner)

Membership No. 083788



For and on behalf of the Board of Directors of

Rico Friction Technologies Private Limited

Amit Mangla

(Director)

(DIN: 08098974)

Om Prakash Aggarwal

(Director)

(DIN: 01537211)

Place : Gurugram

Dated : June 18, 2021

Walker ChandioK & Co LLP

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Independent Auditor's Report

To the Members of Rasa Autocom Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of RASA Autocom Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

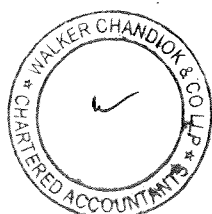
Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker ChandioK & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker Chandiook & Co LLP

Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Director's report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 18 June 2021 as per Annexure B expressed unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2021;



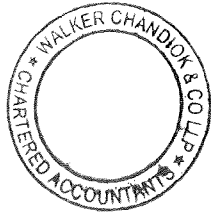
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Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker ChandioK & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon



Arun Tandon
Partner
Membership No.: 517273

UDIN: 21517273AAAACX8490

Place: New Delhi
Date: 18 June 2021

Walker Chandiook & Co LLP

Annexure A to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended 31 March 2021

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified once in three years, which in our opinion, is reasonable having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
 - c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has granted unsecured loans to the company covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - a) in our opinion the terms and conditions of grant of such loan are not, prima facie, prejudicial to the Company's interest;
 - b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular; and
 - c) there is no overdue amount in respect of loan granted to such company.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)
 - (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
 - (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.



Walker Chandiook & Co LLP

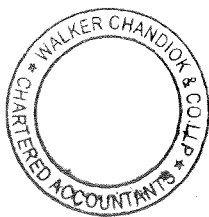
Annexure A to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273



UDIN No.: 21517273AAAACX8490

Place: New Delhi
Date: 18 June 2021

Annexure B to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited on the financial statements for the year ended 31 March 2021

Annexure B

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Rasa Autocom Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

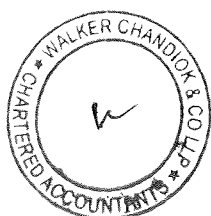
2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Walker Chandiook & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited on the financial statements for the year ended 31 March 2021 (Cont'd)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls over financial reporting with reference to these financial statements controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273



UDIN: 21517273AAAACX8490

Place: New Delhi
Date: 18 June 2021

RASA Autocom Limited
Balance Sheet as at March 31, 2021
 (All amounts are in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	5	6.12	2,596.93
Capital work-in-progress	5	-	387.94
Investment property	5	1,512.18	-
Financial assets			
(i) Investments	6	847.27	847.27
(ii) Loans	7	332.28	1,476.49
Deferred tax assets (net)	24	-	26.22
Non-current tax assets (net)		162.66	92.97
Other non-current assets	8	-	26.08
Total non-current assets		2,860.51	5,453.90
Current assets			
Inventories	9	-	197.71
Financial assets			
(i) Trade receivables	10	490.99	1,058.01
(ii) Cash and cash equivalents	11	10.12	18.93
(iii) Bank balances other than (ii) above	12	13.39	12.47
(iv) Loans	7	-	1.67
(v) Other financial assets	13	127.15	122.89
Other current assets	8	2.17	23.06
Total current assets		643.82	1,434.74
Total assets		3,504.33	6,888.64
Equity and liabilities			
Equity			
Equity share capital	14	4,100.00	4,100.00
Other equity	15	(1,292.19)	(1,459.51)
Total equity		2,807.81	2,640.49
Non-current liabilities			
Financial liabilities			
Borrowings	16	-	1,553.50
Provisions	17	-	42.62
Other non-current liabilities	18	6.42	6.05
Total non-current liabilities		6.42	1,602.17
Current liabilities			
Financial liabilities			
(i) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	19	1.84	9.34
b) Total outstanding dues of creditors other than micro and small enterprises	19	290.33	1,379.43
(ii) Other financial liabilities	20	77.23	1,114.57
Other current liabilities	18	320.70	140.31
Provisions	17	-	2.33
Total current liabilities		690.10	2,645.98
Total equity and liabilities		3,504.33	6,888.64

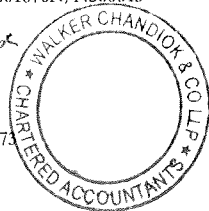
Summary of significant accounting policies and other explanatory information

1 to 40

This is the Balance Sheet referred to in our report of even date.

For Walker Chandio & Co LLP
 Chartered Accountants
 Firm Registration No. 001076N/N500013

Arun Tandon
 Partner
 Membership No.: 517273



For and on behalf of the Board of Directors of
RASA Autocom Limited

Om Prakash Aggarwal
 Managing Director
 DIN: 01537211

Sandeep Rajpal
 Director
 DIN: 07230059

Parveen Garg
 Chief Financial Officer

S Kartik
 Company Secretary

Place: New Delhi
 Date: June 18, 2021

Place: Gurugram
 Date: June 18, 2021

RASA Autocom Limited
Statement of profit and loss for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Continuing operations			
Income			
Other income	21	346.40	474.57
Total income		346.40	474.57
Expenses			
Finance costs	22	192.04	323.74
Depreciation expense	5	37.94	39.14
Other expenses	23	47.49	41.90
Total expenses		277.47	404.78
Profit from continuing operations before tax		68.93	69.79
Tax expense			
Current tax	24	-	4.18
Deferred tax expense		9.29	22.08
Total tax expense		9.29	26.26
Profit for the year from continuing operations after tax (I)		59.64	43.53
Profit from discontinued operations before tax			
Tax expense	24	125.56	982.75
Current tax		-	58.86
Deferred tax expense		16.93	310.86
Total tax expense		16.93	369.72
Profit from discontinued operations after tax (II)		108.63	613.03
Profit for the year (III) = (I)+(II)		168.27	656.56
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of defined employee benefit plans - discontinued operations		(0.95)	(12.06)
Income tax		-	-
Other comprehensive income for the year, net of income tax (IV)		(0.95)	(12.06)
Total comprehensive income for the year (V) = (III) + (IV)		167.32	644.50
Earning per equity share [Nominal value per share ₹ 10 (Previous year value per share ₹ 10)]			
for continuing operations (VI) Basic and diluted	25	0.15	0.11
for discontinued operations (VII) Basic and diluted	25	0.26	1.50
Total earning per equity share (VIII)= (VI) + (VII)		0.41	1.61

Summary of significant accounting policies and other explanatory information

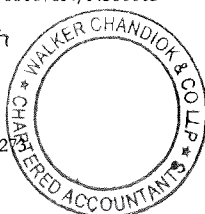
1 to 40

This is the Statement of profit and loss referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 5172



For and on behalf of the Board of Directors of
RASA Autocom Limited

Om Prakash Aggarwal

Om Prakash Aggarwal
Managing Director
DIN: 01537211

Sandeep Rajpal

Sandeep Rajpal
Director
DIN: 07230059

Parveen Garg
Parveen Garg
Chief Financial Officer

S Kartik
S Kartik
Company Secretary

Place: New Delhi
Date: June 18, 2021

Place: Gurugram
Date: June 18, 2021

Sandeep

RASA Autocom Limited
Cash flow statement for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities		
Net profit before tax from continuing operations	68.93	69.79
Net profit before tax from discontinued operations	125.56	982.75
Net profit before tax	194.49	1,052.54
Adjustments for:		
Depreciation expense	249.98	282.75
Finance costs	192.04	323.74
Interest income	(109.22)	(134.97)
Dividend income	(207.20)	(321.16)
Operating profit before working capital changes	320.09	1,202.91
Changes in working capital		
Decrease in inventories	197.71	(55.76)
Decrease in trade receivables	567.02	(1,017.04)
Increase in other financial assets (current and non-current)	(9.08)	(110.79)
Decrease in other assets (current and non-current)	(22.73)	(57.55)
Decrease in trade payables	(1,096.59)	1,235.30
Increase in other financial liabilities (current and non-current)	12.02	49.02
Increase in other liabilities and provisions (current and non-current)	134.87	(148.94)
	103.31	1,097.14
Less: Direct taxes paid (net of refunds)	-	(63.04)
Net cash generated from operating activities	A 103.31	1,034.10
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital work-in-progress)	(188.59)	(546.46)
Proceeds from sale of property, plant and equipment	1,340.35	65.89
Proceeds from loans (non-current & current)	1,140.47	(395.83)
Movement in bank deposits	(0.91)	(0.88)
Dividend received from associate company	207.20	321.16
Interest received	184.27	134.97
Net cash generated from/(used in) investing activities	B 2,682.79	(421.15)
C. Cash flow from financing activities		
Repayment of long-term borrowings	(2,602.86)	(284.36)
Interest paid	(192.04)	(323.74)
Net cash (used in) financing activities	C (2,794.90)	(608.10)
Net (decrease) / increase in cash and cash equivalents	A+B+C (8.80)	4.84
Cash and cash equivalents at the beginning of the year	18.93	14.09
Cash and cash equivalents at the end of the year (Refer note 11)	10.12	18.93

This is the Cash flow statement referred to in our report of even date.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273



For and on behalf of the Board of Directors of
RASA Autocom Limited

Om Prakash Aggarwal

Om Prakash Aggarwal
Managing Director
DIN: 01537211

Sandeep Rajpal

Sandeep Rajpal
Director
DIN: 07230059

Parveen Garg

Parveen Garg
Chief Financial Officer

S Kartik

S Kartik
Company Secretary

Place: New Delhi
Date: June 18, 2021

Place: Gurugram
Date: June 18, 2021

Arun

Rasa Autocom Limited
 Statement of changes in equity for the year ended March 31, 2021
 (All amounts are in ₹ lakhs, unless otherwise stated)

A Equity share capital

	No. of shares	Amount
Balance as at March 31, 2019	410.00	4,100.00
Changes in equity share capital during the year	-	-
Balance as at March 31, 2020	410.00	4,100.00
Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	410.00	4,100.00

B Other equity

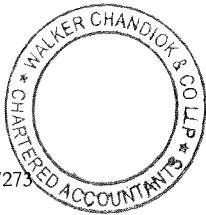
	Retained earnings
Balance as at March 31, 2019	(2,104.02)
Net profit for the year	656.57
Other comprehensive income for the year (net of taxes)	(12.06)
Total comprehensive income for the year	644.51
Balance as at March 31, 2020	(1,459.51)
Net profit for the year	168.28
Other comprehensive income for the year (net of taxes)	(0.95)
Total comprehensive income for the year	167.33
Balance as at March 31, 2021	(1,292.19)

This is the statement of changes in equity referred to in our report of even date.

For Walker Chandiook & Co LLP
 Chartered Accountants
 Firm Registration No. 001076N/N500013

Arun Tandon

Arun Tandon
 Partner
 Membership No.: 517273



For and on behalf of the Board of Directors of
RASA Autocom Limited

Om Prakash Aggarwal

Om Prakash Aggarwal
 Managing Director
 DIN: 01537211

Sandeep Rajpal

Sandeep Rajpal
 Director
 DIN: 07230059

Parveen Garg

Parveen Garg
 Chief Financial Officer

S Kartik

S Kartik
 Company Secretary

Place: New Delhi
 Date: June 18, 2021

Place: Gurugram
 Date: June 18, 2021

Garg

[Signature]

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

1. CORPORATE INFORMATION

Rasa Autocom Limited ('the Company') was incorporated in India on September 5, 2007 as an unlisted public company under Companies Act 1956, having registered office at 38. K.M. Stone, Delhi-Jaipur Highway, Village Khandsa, Gurgaon, Haryana-122001. The Company is a dynamic engineering company, in the business of manufacturing, assembling, buying, selling, exporting, importing and dealing in wholesale and in retail of Automobile parts, two-wheeler parts, passenger car parts, tractor parts, auto electronic and electrical parts and engineering items and assemblies.

During the year ended March 31, 2021, the Company has sold its entire plant, property and equipment except land and building, and entire inventory to its ultimate holding company, Rico Auto Industries Limited. For further details, refer note 26

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification, which would have been applicable from April 1, 2020.

3. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES.

3.1 Basis of preparation and presentation

i) Compliance with Ind AS

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services. All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current non-current classification of assets and liabilities. The principal accounting policies are set out below -

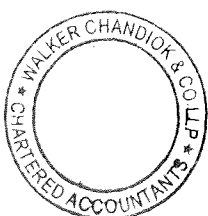
ii) Functional and presentation currency:

These financials are presented in Indian Rupees (INR), which is also the Company's functional currency.

iii) Going concern and Basis measurement

The financial statements have been prepared on going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities, defined benefit plans that are measured at fair values at the end of each reporting period.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Companies Act, 2013.



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021
(All amounts are in ₹ unless otherwise stated)

3.2 Significant accounting policies

i) Revenue recognition

In accordance with Ind AS 115, Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Sale of goods

Revenue is recognized upon transfer of control of promised goods to customers in an amount that reflects the consideration expected to receive in exchange for those goods. The arrangements with the customers generally creates single performance obligation, which is satisfied at a point of time, when the obligation is discharged i.e. on sale of goods.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. Expected sales returns, volume and cash discounts are accounted as reduction of revenue basis the estimate of customers' future purchases / customers' future sales to downstream customers in the value-chain. Any changes in the estimated amount of obligations for discounts/incentives are recognized prospectively in the period in which the change occurs.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income arising from properties given under operating leases is recognised over the lease term for which the property is given on rent as per the rent agreement and is shown in other income under revenue in the statement of profit or loss.

Dividend income

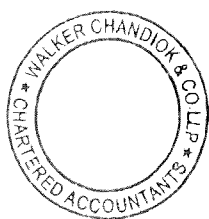
Dividend on investments is recognised when the right to receive dividend is established and the amount of income can be reliably measured.

Contract assets

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as trade receivables.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

before the entity transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the entity performs under the contract.

ii) Property, plant and equipment and capital work in progress:

Freehold land is stated at cost and all other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of property, plant and equipment is allocated/capitalised with the related property, plant and equipment. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Capital work-in-progress represents assets under construction and is carried at cost.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

iii) Investment Property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost included related transaction costs and where applicable, borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognised.

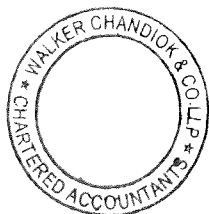
Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

Investment properties are depreciated using the straight-line method over the useful lives as mentioned in Part C of Schedule II of the Act.

iv) Depreciation

Depreciation on building and plant and machinery is provided on the straight-line method, computed on the basis of useful life, on a pro-rata basis from the date the asset is ready to put to use. However, for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years based on the technical estimate and history of usage.

Depreciation on other property, plant and equipment is provided on written down value method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use.



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

Depreciation on dies and moulds is provided based on useful life of the items ascertained on a technical estimate by the management.

The estimated useful life considered for the assets are as under:

Asset	Estimated useful life
Plant and machinery	15-20
Building	30-60
Furniture and fixtures	10
Dies and moulds	Actual shots
Office equipment	5
Computers	3-8
Vehicles	8

v) Fair value measurement

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.

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 or each case.



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

vi) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

De-recognition of financial assets

A financial asset is primarily de-recognised 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.



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised 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 de-recognition 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.

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.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

vii) Investment in associates:

Investment in associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in associates, the difference between net disposal proceeds and the carrying amount are recognised in Statement of Profit and Loss.

viii) Discontinued operations:

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations separately in the statement of profit and loss



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

ix) Inventories:

Inventories are valued as follows:

a. Raw materials and loose tools

Lower of cost or net realizable value. 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. Cost is determined on a weighted average basis.

b. Work in progress

Work in progress is valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity and actual stage of production.

c. finished goods

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and cost necessary to make the sale.

vii) Employee benefits:

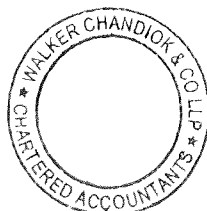
Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company. The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated and can be availed in future. The Company has three post-employment benefit plans in operation viz. Gratuity, Provident Fund and Employee State Insurance scheme.

a. Provident fund and Employee State Insurance scheme

Provident fund benefit and Employee State Insurance benefit are defined contribution plans under which the Company pays fixed contributions into funds established under Employee Provident Fund and Miscellaneous Provision Act, 1952 and Employee State Insurance Act, 1948 respectively. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

b. Gratuity

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The legal obligation for any benefits from this kind of plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. All actuarial gains and losses are recorded through the statement of other comprehensive income.



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

c. Compensated absences

The liability for employees compensated absences is provided for in accordance with the rules of the Company and is based on actuarial valuations made using projected unit method at the balance sheet date. Actuarial gain and losses are routed through the statement of profit and loss.

viii) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent recognition

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

Exchange differences arising on long term foreign currency monetary items outstanding as of March 31, 2020 in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets and depreciated over the remaining life of the underlying asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

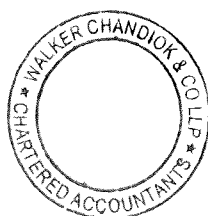
ix) Taxes

Tax expense recognised in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognised in other comprehensive income or directly in equity.

Current tax is the amount of tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss (either in other comprehensive income or in equity). The current tax is calculated using the tax rate that have been enacted or subsequently enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes.

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 statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against

current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

x) Leases

Company as a lessee

The Company's lease asset consist of lease for Building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset, (2) the Company has substantially all of the economic benefits from the At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the Right of Use (ROU) the underlying asset during the lease term (i.e., the right-of-use asset).

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are depreciated from the date of commencement of the lease on a straight -line basis over the shorter of the lease term and the useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. For leases under which the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the date of commencement of the lease in determining the present value of lease payments. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment as to whether it will exercise an extension or a termination option.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

xi) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

xii) Provisions and contingencies

The Company creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiii) Earnings per share

Basic earnings per share is calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

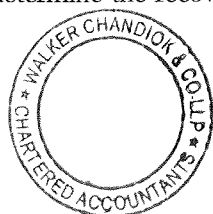
xiv) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying



RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ unless otherwise stated)

amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

xv) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above.

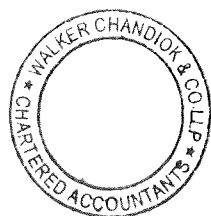
xvi) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirements of Schedule III of the Act unless otherwise stated.

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment & investment properties;
- provision and contingent liabilities;
- carrying values of inventories;
- Going concern assessment; and
- Measurement of deferred tax assets.



RASA Autocom Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

5 Property, plant and equipments and Capital work in progress and Investment property

A. Property, plant and equipments

Particulars	As at April 01, 2020		Gross block		Transferred to investment property*		As at March 31, 2021		Accumulated depreciation		Net block	
	As at April 01, 2020	Additions	Disposals	Disposals	Transferred to investment property*	As at March 31, 2021	As at March 31, 2021	Adjustments	Charge	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Freehold land	515.52	108.28	-	-	623.80	-	-	-	-	-	-	515.52
Buildings	1,049.46	14.25	-	-	1,063.71	-	-	-	35.14	-	-	909.27
Furniture and fixtures	53.55	-	53.55	-	-	-	-	24.56	9.12	-	-	38.11
Plant and equipment	1,956.90	389.17	2,346.07	-	-	-	-	1,040.32	196.71	-	-	1,113.09
Dies and moulds	4.67	-	4.67	-	-	-	-	4.67	-	-	-	4.67
Vehicles	19.19	-	-	-	-	19.19	-	-	2.80	-	13.07	8.92
Office equipment	14.22	-	14.22	-	-	-	-	8.41	1.54	-	-	7.35
Total	3,613.51	511.70	2,418.51	1,687.51	19.19	1,016.58	249.98	1,078.16	175.33	13.07	6.12	2,596.93

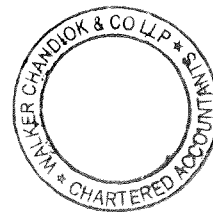
Particulars	As at April 01, 2019		Gross block		Transferred to investment property*		As at March 31, 2020		Accumulated depreciation		Net block	
	As at April 01, 2019	Additions	Disposals	Disposals	Transferred to investment property*	As at March 31, 2020	As at March 31, 2020	Adjustments	Charge	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Freehold land	461.15	54.37	-	-	-	515.52	-	-	-	-	-	461.15
Buildings	1,049.46	-	-	-	-	1,049.46	-	-	35.05	-	-	909.27
Furniture and fixtures	53.55	-	-	-	-	53.55	-	-	13.39	-	-	38.11
Plant and equipment	1,967.07	118.08	128.25	-	-	1,956.90	-	62.36	227.15	-	-	1,113.09
Dies and moulds	4.67	-	4.67	-	-	4.67	-	-	-	-	-	4.67
Vehicles	19.19	-	-	-	-	19.19	-	-	4.09	-	10.27	8.92
Office equipment	14.22	-	14.22	-	-	-	-	-	3.07	-	6.87	7.35
Total	3,569.31	172.45	128.25	1,613.51	796.19	282.75	1,016.58	62.36	2,596.93	2,773.12	2,773.12	

B Capital work in progress

Amount
Capital work-in-progress as at March 31, 2021
Capital work-in-progress as at March 31, 2020
387.94

* During the year ended 31 March 2021, the Company has transferred all plant, property and equipment except land and building with certain other assets to its ultimate holding company, Risco Auto Industries Limited. Therefore, as at reporting date, the Company only earns rental income from land and building, hence as per Ind AS 40, 'Investment Property', land and building has been classified as investment property.

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RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

C Investment properties

The notes set out the disclosure relating to investment property as per the requirement of Ind AS 40 "Investment Property"

Particulars	Land	Building	Total
Gross carrying value			
As at 31 March 2019	-	-	-
Additions	-	-	-
Deletions	-	-	-
Gross carrying value as at 31 March 2020	-	-	-
Additions	-	-	-
Deletions	-	-	-
Transferred from property, plant and equipment	623.80	1,063.71	1,687.51
Gross carrying value as at 31 March 2021	623.80	1,063.71	1,687.51
Accumulated depreciation			
As at 31 March 2019	-	-	-
For the year	-	-	-
Deletions	-	-	-
Accumulated depreciation as at 31 March 2020	-	-	-
For the year	-	-	-
Deletions	-	-	-
Transferred from property, plant and equipment	-	175.33	175.33
Accumulated depreciation as at 31 March 2021	-	175.33	175.33
Net carrying value			
As at 31 March 2020	-	-	-
As at 31 March 2021	623.80	888.38	1,512.18

(i) Amount recognized in profit or loss for investment property

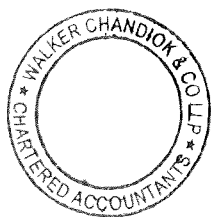
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rental income from Investment property	29.99	-
Direct operating expenses	6.29	-
Profit from investment property before depreciation	23.70	-
Depreciation during the year	35.14	-
Profit/(loss) from investment property	(11.44)	-

(ii) Fair Value

Particulars	As at March 31, 2021	As at March 31, 2020
Investment property	2,203.21	-

Estimation of Fair Value

Fair value of Investment property is based on market approach. While applying the market approach, consideration has been given to circle rates issued by relevant regulatory authorities. With respect to the investment property at the beginning of current year, there is no change in circle rate from previous year.

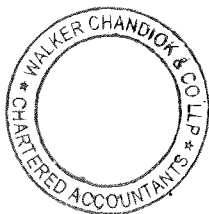


RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
6 Investment		
Non-current		
Investment in equity instruments in associate (at cost) - unquoted		
Rico Fluidtronics Limited	847.27	847.27
8,472,739 (March 31, 2020: 8,472,739) equity shares of ₹ 10/- each	<u>847.27</u>	<u>847.27</u>
Aggregate amount of unquoted investments	847.27	847.27
7 Loans		
(Unsecured, considered good)		
Non-current		
Loans to related parties (refer note 34)	283.20	1,422.00
Security deposits	49.08	54.49
	<u>332.28</u>	<u>1,476.49</u>
Current		
Loans to employees	-	1.67
	<u>-</u>	<u>1.67</u>
8 Other assets		
Non-current		
Capital advances	-	25.17
Prepaid expenses	-	0.91
	<u>-</u>	<u>26.08</u>
Current		
Advance to suppliers	1.26	14.83
Prepaid expenses	0.91	8.23
	<u>2.17</u>	<u>23.06</u>
9 Inventories		
(valued at lower of cost or net realisable value)		
Raw material and components	-	113.26
Work-in-progress	-	17.67
Finished goods	-	1.73
Stores and spares	-	65.05
	<u>-</u>	<u>197.71</u>
10 Trade receivables		
Unsecured, considered good	490.99	1,058.01
	<u>490.99</u>	<u>1,058.01</u>
11 Cash and cash equivalents		
Cash on hand	-	1.36
Balances with banks:		
In current accounts	10.12	17.57
	<u>10.12</u>	<u>18.93</u>
12 Bank balances other than cash and cash equivalents		
Bank deposits with maturity of more than 3 months and less than 12 months*	13.39	12.47
	<u>13.39</u>	<u>12.47</u>
*Pledged with bank for issuing letter of credit.		
13 Other current financial assets		
Interest receivable	9.15	84.22
Others receivables	118.00	38.67
	<u>127.15</u>	<u>122.89</u>



RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
14 Equity share capital		
a) Authorised		
46,000,000 equity share of ₹ 10/- each	4,600.00	4,600.00
(March 31, 2020: 46,000,000 equity shares of ₹ 10/- each)	<u>4,600.00</u>	<u>4,600.00</u>
b) Issued, subscribed and full paid-up		
41,000,000 equity share of ₹ 10/- each fully paid up	4,100.00	4,100.00
(March 31, 2020: 41,000,000 equity shares of ₹ 10/- each)	<u>4,100.00</u>	<u>4,100.00</u>

c) Reconciliation of number of equity shares outstanding

	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	4,100.00	410.00	4,100.00	410.00
Movement during the year	-	-	-	-
Outstanding at the end of the year	<u>4,100.00</u>	<u>410.00</u>	<u>4,100.00</u>	<u>410.00</u>

d) Description of the rights, preferences and restrictions attached to each class of shares

Equity Shares: The Company has only one class of equity shares having a face value of ₹ 1 per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue.

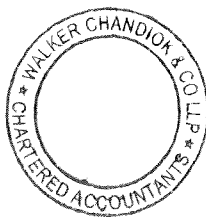
In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Details of shareholders holding more than 5% of equity shares in the Company

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	% of holding	No of shares	% of holding	No of shares
Rico Investment Limited and its nominees	100%	410.00	100%	410.00

f) The Company has not issued bonus shares, equity shares issued for considerations other than cash and also no shares has been bought back during the period of five years immediately preceding the reporting period.

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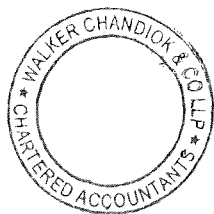
RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
15 Other equity		
Retained earnings	<u>(1,292.19)</u>	<u>(1,459.51)</u>
	<u>(1,292.19)</u>	<u>(1,459.51)</u>
Deficit in statement of profit and loss		
Opening balance	(1,459.51)	(2,104.02)
Add : Profit transferred from statement of profit and loss	168.28	656.57
Less : Other comprehensive income for the year (net of taxes)	<u>(0.95)</u>	<u>(12.06)</u>
Closing balance	<u>(1,292.19)</u>	<u>(1,459.51)</u>
Retained earnings		
Retained earnings are the accumulated losses earned by the Company till date, as adjusted for distribution to owners.		
16 Borrowings		
Non-current		
Unsecured*		
Loan from related party (refer note 34)	-	2,602.86
Less: Current maturities of loan	<u>-</u>	<u>1,049.36</u>
	<u>-</u>	<u>1,553.50</u>
* Unsecured loan		
Party name		
Rico Auto Industries Limited	<u>-</u>	<u>1,553.50</u>
Terms of repayment		
As per the agreement, the term loan is for 10 years with moratorium period of 4 years. Rico Auto Industries Limited is charging effective interest @ 10.50% p.a.(previous year 10.50% p.a.). However, during the current year, the Company has repaid the entire amount.		
17 Provisions		
Non-current		
Provision for gratuity (refer note 32)	-	33.69
Provision for compensated absences	<u>-</u>	<u>8.94</u>
	<u>-</u>	<u>42.62</u>
Current		
Provision for gratuity (refer note 32)	-	1.66
Provision for compensated absences	<u>-</u>	<u>0.67</u>
	<u>-</u>	<u>2.33</u>
18 Other liabilities		
Non-current		
Security deposits	<u>6.42</u>	<u>6.05</u>
	<u>6.42</u>	<u>6.05</u>
Current		
Statutory liabilities	320.70	138.80
Advance from customers (refer note 35)	<u>-</u>	<u>1.50</u>
	<u>320.70</u>	<u>140.31</u>
19 Trade payables		
Payable to micro enterprises and small enterprises (refer note 30)	1.84	9.34
Other payables(Refer note 34)	<u>290.33</u>	<u>1,379.43</u>
	<u>292.17</u>	<u>1,388.76</u>
20 Other current financial liabilities		
Current maturities of loan from related party (refer note 34)	-	1,049.36
Capital creditors	77.23	59.54
Employee benefits payable	<u>-</u>	<u>5.67</u>
	<u>77.23</u>	<u>1,114.57</u>

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RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
21 Other income		
Interest income	109.22	134.97
Dividend income	207.20	321.16
Rental income from operating lease	29.99	18.44
	<u>346.40</u>	<u>474.57</u>
22 Finance costs		
Interest expense on borrowing	191.78	323.55
Other borrowing costs	0.26	0.19
	<u>192.04</u>	<u>323.74</u>
23 Other expenses		
Rent (refer note 33)	17.89	16.80
Repairs		
- buildings	6.29	10.73
Rates and taxes	6.80	8.18
Legal and professional*	7.60	6.20
Miscellaneous expenses	8.92	-
	<u>47.49</u>	<u>41.90</u>
*Includes payments to auditors on account of:		
Audit services	3.00	3.00
Reimbursement of expenses	0.16	0.28
	<u>3.16</u>	<u>3.28</u>

24 Income tax

A The reconciliation of estimated income tax expense at statutory income tax rate of the Company to income tax expense reported in Statement of profit and loss is as follows:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	%	Amount	%
Profit from continuing operations before income tax expense	68.93		69.79	
Profit from discontinued operations before income tax expense	125.56		982.75	
Total profit before tax	194.49		1,052.54	
Income tax using the Company's domestic tax rate	48.95	25.17%	264.93	25.17%
Effect of change in statutory tax rate*	-	0.0%	68.01	6.46%
Adjustments for unrecognised deferred tax assets	(75.17)	(38.65%)	63.04	5.99%
Income tax expenses recognised in the statement of profit and loss	(26.22)	-13.48%	395.97	37.62%

* During the year ended 31 March 2020, the Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its current tax expense and deferred tax assets basis the rate prescribed in the said section. The impact of this change has been recognised in the statement of profit & loss for the year.

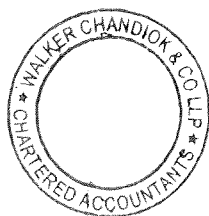
B Significant components of net deferred tax assets and liabilities are as follows:

Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognised /(reversed) through profit and loss	Recognised /(reversed) through OCI/equity	Closing balance
For the period ended March 31, 2021				
Deferred tax assets				
Carry forward of losses	-	-	-	-
Notional interest on borrowings	230.95	(230.95)	-	-
Minimum alternative tax credit entitlement	-	-	-	-
Employee benefits	4.71	(4.71)	-	-
	<u>235.66</u>	<u>(235.66)</u>	-	-
Deferred tax liability				
Depreciation	209.44	(209.44)	-	-
Others	-	-	-	-
	<u>209.44</u>	<u>(209.44)</u>	-	-
	<u>26.22</u>	<u>(26.22)</u>	-	-
For the period ended March 31, 2020				
Deferred tax assets				
Carry forward of losses	156.85	(156.85)	-	-
Notional interest on borrowings	334.39	(103.44)	-	230.95
Minimum alternative tax credit entitlement	25.63	(25.63)	-	-
Employee benefits	6.65	(1.94)	-	4.71
	<u>523.52</u>	<u>(287.86)</u>	-	<u>235.66</u>
Deferred tax liability				
Depreciation	161.10	48.35	-	209.44
Others	3.28	(3.28)	-	-
	<u>164.37</u>	<u>45.07</u>	-	<u>209.44</u>
	<u>359.15</u>	<u>(332.93)</u>	-	<u>26.22</u>

25 Earning per share

Profit after tax from continuing operations (A)	59.64	43.53
Profit after tax from dis-continued operations (B)	108.63	613.03
Weighted average number of equity shares (basic/diluted)(C)	41,000,000	41,000,000
Nominal value of equity share (₹)	10	10
Earnings per share - basic/diluted (D) = (A/C) from continuing operations (₹)	0.15	0.11
Earnings per share - basic/diluted (E) = (B/C) from discontinued operations (₹)	0.26	1.50
Total Earning per share (F) = (D)+(E) (₹)	0.41	1.61

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RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

26 - Discontinued Operations

The Company had a business of manufacturing and assembling of automobile parts, two-wheeler parts, passenger car parts, tractor parts, auto electronic and electrical parts and engineering items and assemblies. During the current year, manufacturing and assembling operations of the Company are treated as a Discontinuing Operations under Ind AS - 105 - "Non-current Assets Held for Sale and Discontinued Operations" as the Board of directors of RASA Autocom Limited in its meeting held on February 12, 2021 approved the sale of inventories including stores and spare items and property, plant and equipment including plant and machineries, office equipment, furniture and fixtures, tool and dies, except land, building and vehicles of the Company and vesting thereof into RICO Auto Industries Limited. Accordingly, manufacturing and assembling segment have been reported as discontinued operation during the current year up to February 28, 2021. During the year ended March 31, 2021, the company has transferred all plant, property and equipment except land and building with certain other assets for purchase consideration of ₹ 1,483.40 lakhs to its holding company "Rico Auto Industries Limited" as approved by board of directors.

Financial information relating to the discontinued operation for the period to the date of disposal are set out as below:

The Carrying amounts of the assets and liabilities of discontinued operations are as below:

Balance Sheet	February 28, 2021
Assets	
Non-current assets	
Property, plant and equipment	1,340.35
Capital work-in-progress	83.20
Total non-current assets (A)	1,423.55
Current assets	
Inventories	90.53
Total current assets (B)	90.53
Assets associated with discontinued operations C = (A+B)	1,514.08
Liabilities	
Non-current liabilities	
Provisions	28.53
Total non-current liabilities (D)	28.53
Current liabilities	
Provisions	2.14
Total current liabilities (E)	2.14
Liabilities associated with discontinued operations F = (D+E)	30.68
Net assets transferred (G) = (C+F)	1,483.40

26 - Discontinued Operations (cont'd)

Revenue and expenses, gains and losses (as given below) relating to the discontinuation of this sub group has been eliminated from the continuing operations and are shown as a single line item on the face of the statement of profit or loss.

Statement of Profit and Loss	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations		
Sale of manufactured products	4,041.85	6,557.95
Sale of services	784.02	-
Other operating revenues	346.79	210.96
Total revenue from operations	5,172.66	6,768.90
Other income	7.00	10.89
Total income	5,179.66	6,779.79
Expenses		
Cost of materials consumed	2,953.18	3,907.52
Changes in inventories of finished goods, work-in-progress and stock-in trade	19.40	22.10
Other manufacturing expenses	1,569.01	1,332.25
Employee benefits expense	168.85	182.49
Depreciation and amortisation	212.04	243.61
Other expenses	131.62	109.08
Total expenses	5,054.10	5,797.04
Profit before tax from discontinued operations	125.56	982.75
Tax expense :		
Current tax	-	-
Deferred tax expense	16.93	369.72
Profit from discontinued operations	108.64	613.04
Other comprehensive income		
- Items that will not be reclassified to profit and loss		
- Remeasurement of defined benefit obligations (net of taxes)	(0.95)	(12.06)
Other comprehensive income for the year, net of income tax	(0.95)	(12.06)
Total comprehensive income for the period	107.69	600.97
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net cash inflow from operating activities	535.32	1,170.60
Net cash inflow/(outflow) from investing activities	-	54.37
Net cash inflow/(outflow) from financing activities	-	-



Rasa Autocom Limited
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
 (All amounts are in ₹ lakhs, unless otherwise stated)

27 Financial instruments

A Financial Instruments by Category

The carrying amounts and fair values of financial instruments by category are as follows:

	As at March 31, 2021	As at March 31, 2020
	Amortised cost*	
Financial assets		
Non-current		
Loans	332.28	1,476.49
Current		
Trade receivables	490.99	1,058.01
Cash and cash equivalents	10.12	18.93
Bank balances other than cash and cash equivalents	13.39	12.47
Loans	-	1.67
Other financial assets	127.15	122.88
	<u>973.93</u>	<u>2,690.46</u>
Financial liabilities		
Non-current		
Borrowings	-	1,553.50
Current		
Trade payables	292.17	1,388.76
Other financial liabilities	77.23	1,114.57
	<u>369.40</u>	<u>4,056.84</u>

*The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost as at the balance sheet date approximates their fair value.

B Fair value hierarchy

The categories used are as follows:

Level 1: Quoted price in active market.

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Company.

Note: There are no assets in the Company as at March 31, 2021 and March 31, 2020 which are measured at fair value through profit and loss or fair value through other comprehensive income (in any of the above mentioned hierarchy levels).

28 Capital management

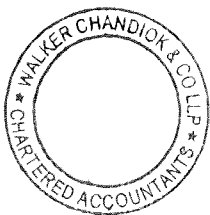
The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital and accumulated reserves/losses disclosed in the Statement of Changes in Equity. The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is debt divided by total equity. The Company's policy is to keep an optimum gearing ratio. The Company includes within debt, interest bearing loans and borrowings.

Total debt divided by total equity

	As at March 31, 2021	As at March 31, 2020
Total debts*	-	2,602.86
Total equity#	2,807.81	2,640.49
Debt equity ratio	-	0.99

* includes long term borrowings with current maturities (if any).

includes equity share capital and other equity.



Rasa Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

29 Financial risk management

29A Market risk:

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks namely currency risk and interest rate risk. The objective of the market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return.

a. Foreign currency risk:

The Company's does not have significant exposure in regard to foreign currencies. The only exposure in relation to the same is mentioned below, this exposure is mainly on account of import (of raw material and capital items).

(i) Particulars of unhedged foreign currency exposure as at the reporting date

The Company exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

	As at March 31, 2021	As at March 31, 2020
Trade payable (USD exposure, amounts in ₹ Lakhs)	3.72	5.80
Advances to vendor (USD exposure, amounts in ₹ Lakhs)	-	(3.30)
Impact on profit and loss account on account of change in currency		
Sensitivity to increase of 1%	(0.04)	(0.02)
Sensitivity to decrease of 1%	0.04	0.02

b. Interest rate risk:

The Company is not exposed to interest rate risk as the Company does not have any variable rate borrowings.

29B Credit Risk :

Credit risk refers to the risk of default on its obligation by the customer/counter party resulting in a financial loss. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarised below:

	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	10.12	18.93
Bank balances other than cash and cash equivalents	13.39	12.47
Trade receivables	490.99	1,058.01
Loans	332.28	1,478.17
Other financial assets	127.15	122.88

Cash and cash equivalents and bank balances

Credit risk relating to cash and cash equivalents and bank balances other than cash and cash equivalents is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an on-going basis.

Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 and March 31, 2020 is insignificant. The Company have only two customers for the year ended March 31, 2021 which constitute 100% of net trade receivables. (March 31, 2020: 100%)

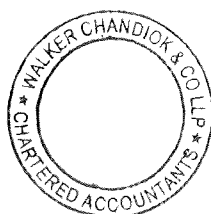
Loans and other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to related parties and employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Given below is the ageing of trade receivable:

Trade receivables	As at March 31, 2021	As at March 31, 2020
Outstanding for more than six months	-	-
Others*	490.99	1,058.01
	490.99	1,058.01

* There are no overdue trade receivables



Rasa Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

29C Liquidity risk:

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the Company. The Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

The below tables summarise the maturity profile of the Company's financial liabilities:

	Less than 1 year	1 - 3 years	More than 3 years	Total
As at March 31, 2021				
Borrowings (including current maturities)	-	-	-	-
Trade payable	292.17	-	-	292.17
Capital creditors	77.23	-	-	77.23
Employee benefit payable	-	-	-	-
	<u>369.40</u>	<u>-</u>	<u>-</u>	<u>369.40</u>
As at March 31, 2020				
Borrowings (including current maturities)	1,241.14	1,553.50	-	2,794.64
Trade payable	1,388.76	-	-	1,388.76
Capital creditors	59.54	-	-	59.54
Employee benefit payable	5.67	-	-	5.67
	<u>2,695.12</u>	<u>1,553.50</u>	<u>-</u>	<u>4,248.62</u>

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Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ Lakhs, unless otherwise stated)

30) Dues to micro, small and medium enterprises

	As at March 31, 2021		As at March 31, 2020	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	1.84	-	9.34	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-	-	-

31) Commitments

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances: ₹NIL (March 31, 2020: 25.17 Lakhs)]	-	23.88

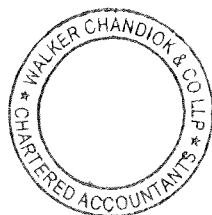
32) Employment benefits

A. Defined benefit plan

a. Provident fund and other funds*:

	Year ended March 31, 2021	Year ended March 31, 2020
Employer's contribution to provident fund	6.78	8.60
Employer's contribution to ESI	0.73	1.16

*Included in contribution to provident and other fund.



Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ Lakhs, unless otherwise stated)

b. Defined benefit plan- Gratuity

B1: Change in defined benefit obligation

	Year Ended March 31, 2021	Year Ended March 31, 2020
Present value of obligation as at beginning of the year	35.35	19.76
Current service cost	2.06	2.68
Interest cost	2.40	1.52
Benefits paid	(16.17)	(0.67)
Actuarial (gain)/ loss on obligation	0.95	12.06
Present value of obligation as at end of the year	24.60	35.35

B2: Amounts to be recognised in the Balance Sheet

	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the end of the period	24.60	35.35
Net liability recognised in Balance Sheet*		
- Non current	22.98	33.69
- Current	1.62	1.66

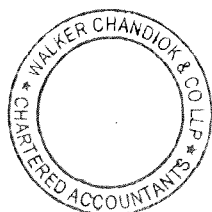
*The Company have transferred liabilities to Rico Auto Industries Limited w.e.f. February 12, 2021

B3 Expense recognised during the year

	Year ended March 31, 2021	Year ended March 31, 2020
In Statement of Profit and Loss		
Current service cost	2.07	2.68
Interest cost	2.40	1.51
Net cost	4.47	4.19
In Other comprehensive income		
-- Change in demographic assumptions	-	(0.01)
-- Change in financial assumptions	-	2.69
-- experience variance (i.e. actual experience vs assumptions)	0.95	9.38
Net cost	0.95	(12.06)

B4 Actuarial assumptions:

	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	6.80%	6.80%
Rate of increase in compensation levels	5.50%	5.50%
Mortality rate (% of IALM 06-08)	100 %	100%
Retirement age (years)	58.00	58.00
Attrition at age	(Withdrawal rates per annum)	
Upto 30 years	3.00	3.00
31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00



Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ Lakhs, unless otherwise stated)

B5 Sensitivity analysis for gratuity liability

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	(1.03)	1.11	(1.61)	1.72
Impact of change in salary (+/- 0.5%)	1.12	(1.05)	1.74	(1.64)
Impact of change on attrition rate (+/- 0.5%)	0.11	(0.11)	(1.44)	0.15

B6 History of defined benefit obligations and experience (gain)/ loss adjustment

Particulars	Year ended					
	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Defined benefit obligation at the end of the period	15.13	13.22	22.50	19.76	35.35	24.60
Experience (gain)/ loss adjustment	3.93	(0.25)	7.11	(5.60)	9.38	0.95

C. Other long term benefit plans

Other long term benefit plans represent the compensated absences provided to the employees of the Company.

33) Leases

The following is a reconciliation of total operating lease commitments at 31 March 2020 (as disclosed in the financial statements to 31 March 2020) to the lease liabilities recognized at 1 April 2020

	Amount
Total operating lease commitments disclosed at 31 March 2020	7.00
Less: Leases with remaining lease term of less than 12 months	7.00
Total lease liabilities recognized under Ind AS 116 at April 01, 2020	-

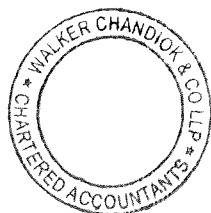
Lease payments not recognised as a liability

The Company has entered into long-term lease arrangement for factory building that is renewable on a periodic basis with mutual consent of both lessor and lessee. Hence no right of use asset and lease liability have been recognised considering the terms of the contract.

The Company has incurred ₹ 17.50 Lakhs for the year ending March 31, 2021 towards expense relating to short-term lease (March 31, 2020 ₹ 16.80 Lakhs). As at March 31, 2021, the Company has committed short-term lease amounting to ₹ 7.50 Lakhs.

Total cash outflow pertaining to leases during the year ended March 31, 2021 is ₹ 17.50 Lakhs (March 31, 2020 ₹ 16.80 Lakhs), the same pertains to short-term leases only.

Lease income recognized during the current year ₹ 29.99 lakhs (previous year ₹ 18.44 lakhs)



Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ Lakhs, unless otherwise stated)

34) Related party disclosures

a) Related parties

Holding company

- a) Rico Investments Limited (Immediate Holding Company)
- b) Rico Auto Industries Limited (Ultimate Holding Company)

Fellow subsidiaries

- a) Rico Jinfei Wheels Limited

Associate company

- a) Rico Fluidtronics Limited

Parties where significant influence is exercised by key management personnel and/or his relatives

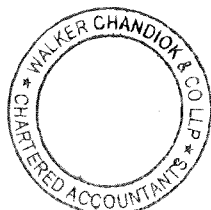
- a) Rico Castings Limited
- b) Kapbros Engineering Industries Limited
- c) ASN Manufacturing and Services Private Limited
- d) ASN Properties Private Limited
- e) Magpie Manufacturing and Tech Private Limited

Key Management Personnel (KMP) of the Company and its Holding Company

- a) Om Prakash Aggarwal – Managing director
- b) Vaibhav Agnihotri – Manager (resigned w.e.f. August 26, 2020)
- c) Parveen Kumar – Chief Financial Officer (resigned w.e.f. March 01, 2021)
- d) Parveen Garg– Chief Financial Officer (from March 01, 2021)
- e) S Kartik – Company Secretary

b) Transactions with related parties

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
1 Rico Auto Industries Limited		
Purchase of goods	166.92	2,018.03
Sale of goods	5,449.34	8511.73
Job work income	878.11	-
Purchase of assets	-	369.53
Sale of assets	1,681.05	77.75
Interest expense	189.93	315.42
Rent received	35.38	21.76
Recovery of expenses	298.45	55.46
Reimbursement of expenses	177.57	57.06
Repayment of loan	1,712.84	-
Interest paid	890.01	599.77
2 Rico Castings Limited		
Loan payment received	670.00	-
Interest income	45.13	67.00
3 Rico Jinfei Wheels Limited		
Purchase of goods	0.78	1.59
Sale of goods	10.92	1.49
Job work expenses	-	2.39



Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ Lakhs, unless otherwise stated)

4	Kapbros Engineering Industries Limited		
	Purchase of goods	0.34	0.17
	Recovery of expenses	195.19	237.67
5	ASN Manufacturing and Services Private Limited		
	Loan given	-	125.00
	Loan Payment Received	70.80	-
	Interest income	43.67	46.44
6	ASN Properties Private Limited		
	Loan given	-	280.00
	Loan Payment Received	280.00	-
	Interest income	19.43	16.73
7	Remuneration to Key Management Personnel		
	Vaibhav Agnihotri – Manager	23.16	26.34
	Parveen Kumar – Chief Financial Officer	3.76	3.51

c) Balances with related parties:

Particulars	As at	As at
	March 31, 2021	March 31, 2020
1 Rico Auto Industries Limited		
Trade payables	6.75	10.69
Trade receivables	476.04	1,002.91
Borrowings	-	2,602.80
2 Rico Castings Limited		
Loans (advance converted to loan)	-	670.00
Interest income (receivable) net of TDS	-	60.30
3 Kapbros Engineering Industries Limited		
Trade receivables	14.96	14.25
4 ASN Manufacturing and Services Private Limited		
Loans	401.20	472.00
Interest income (receivable) net of TDS	9.15	11.09
5 ASN Properties Private Limited		
Loans	-	280.00
Interest receivable	-	12.60

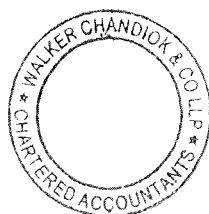
35) Revenue

Following are the disclosures with respect to revenue from operations in accordance with Ind AS 115 –

The following table provides information about receivables and contract liabilities from contracts with customers:

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables* (contract assets)	490.99	1058.01
Contract liabilities		
- Advances from customers	-	1.51

* Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.



Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

(All amounts are in ₹ Lakhs, unless otherwise stated)

Significant changes in contract liabilities during the year are as follows:

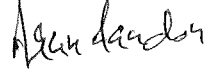
Advances from customers	As at March 31, 2021	As at March 31, 2020
Opening balances	1.50	261.27
Addition during the year	-	1.50
Amount adjusted during the year	(1.50)	(26.27)
Closing balance	0	1.50

36) Event after Balance sheet date

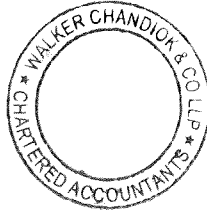
There are no reportable subsequent events after the balance sheet date.

37) Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

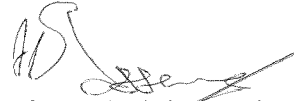
For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013



Arun Tandon
Partner
Membership No.: 517273



For and on behalf of the Board of Directors of
RASA Autocom Limited



Om Prakash Aggarwal
Managing Director
DIN: 01537211



Sandeep Rajpal
Director
DIN: 07230059


Parveen Garg
Chief Financial Officer


S Kartik
Company Secretary

Place: New Delhi
Date: June 18, 2021

Place: Gurugram
Date: June 18, 2021





INDEPENDENT AUDITOR'S REPORT

The Members of Rico Aluminium and Ferrous Auto Components Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Rico Aluminium and Ferrous Auto Components Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its Loss, including other comprehensive income, the cash flows and its changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial Statements.



Other Information

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the Financial Statements

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

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statement

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but



is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the Financial Statements is included in **Annexure A**. This description forms part of our auditor's report.

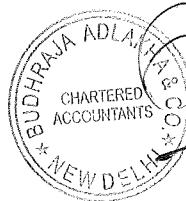
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure B** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including the statement of other comprehensive income, the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rule 2015, as amended.
 - e) On the basis of the written representations received from the Directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the Internal Financial Control over Financial Reporting of the Company these with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**".



- g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197(16) of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – **Refer Note 38** to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Budhraj Adlakha & Co.
Chartered Accountants
Firm's Reg. No.: 005154N



Rahool Adlakha
(Partner)
Membership No.: 083788
UDIN: 21083788AAAABD7693

Place: Gurugram
Date: June 19, 2021

Annexure A

Responsibilities for Audit of Financial Statement

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in;


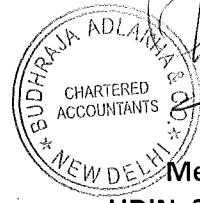
- (i) Planning the scope of our audit work and in evaluating the results of our work; and
- (ii) To evaluate the effect of any identified misstatements in the financial statements.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For Budhraj Adlaka & Co.
Chartered Accountants
Firm's Registration No.: 005154N**



**Rahool Adlaka
(Partner)
Membership No.: 083788
UDIN: 21083788AAAABD7693**

Place: Gurugram

Date: June 19, 2021

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date.

Annexure –B to the Auditor's Report

Re: Rico Aluminium and Ferrous Auto Components Limited

- i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) All fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
 - (c) As explained to us and based on our examination of the records of the Company, the company does not have any immovable property. Accordingly, Paragraph 3(i) (c) order is not applicable.
- ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals other than for stock lying with third parties. Confirmations were obtained for stock lying with third parties. The discrepancies noted on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- iii) The Company has granted loans to one Company covered in the register maintained under section 189 of the Companies Act, 2013.
 - a) In our opinion, the terms and conditions on which the loans have been granted are not prejudicial to the interest of the Company
 - b) The schedule of repayment of principal and payment of interest has been stipulated. Repayment of loan and the receipts of interest are regular, except a couple of times, where the same is received late.
 - c) There are no amounts which were overdue for more than 90 days.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made, as applicable.
- v) The company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provision of the clause 3(v) of the order are not applicable to the Company.
- vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section



148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, ESI, Income tax, GST, Custom duty, Cess and other material statutory dues, as applicable to it.
- b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, ESI, Income tax, GST, Excise, VAT, Custom duty, Cess and Other material statutory dues which were outstanding, as at March 31, 2021 for a period of more than six months, from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of Provident Fund, ESI, Income tax, Sales Tax, GST, Service Tax, Custom duty, excise, VAT, Cess which have not been deposited on account of any dispute except the following;

Nature of Statute	Nature of dues	Forum where dispute is pending	Period to which the Amount relates	Amount
Central Excise & Service Tax	Excise Duty	CIT Appeal	2015-16, 2016-17 & Upto June 2017	Rs.2.85 Crore

- viii) According to the information and explanations given to us, the company has not defaulted in the repayment of loans or borrowings from any financial institution, banks, government or due to the debenture holders during the year.
- ix) The company has not raised any money by way of initial public offer or further public offers (including debt instruments). As per the information and explanations given to us, the company has applied the term loans, raised for the purpose for which they were obtained.
- x) Based upon the audit procedures performed for the purpose of the reporting the true and fair view of the financial statement and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.



- xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii) The Company is not a nidhi company and hence reporting under clause (xii) of the Order is not applicable.
- xiii) According to the information and explanations given by the management the transactions with the related parties are in compliance with section 188 of the Act, where applicable and the details have been disclosed in the Notes to the Financial Statements, as required by the applicable standards. The provisions of Section 177 of the Act are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the company and hence not commented upon.
- xiv) According to the information and explanations given to us and on overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Budhraj Adlakha & Co.

Chartered Accountants

(Firm's Registration No.: 005154N)



Rahool Adlakha
(Partner)

Membership No.: 083788

UDIN: 21083788AAAABD7693

Place: Gurugram

Date: June 19, 2021

Annexure - C to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Rico Aluminium and Ferrous Auto Components Limited** ("the Company") as of 31st March 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over



financial reporting with reference to these Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Financial Statements.

Meaning of Internal Financial Controls over Financial Reporting with reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Financial Statements includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Financial Statements to future periods are subject to



the risk that the internal financial control over financial reporting with reference to these Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these Financial Statements and such internal financial controls over financial reporting with reference to these Financial Statements were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Budhraj Adlakha & Co.

Chartered Accountants

(Firm's Registration No.: 005154N)



Rahool Adlakha
(Partner)

Membership No.: 083788

UDIN: 21083788AAAABD7693

Place: Gurugram

Date: June 19, 2021

Rico Aluminium and Ferrous Auto Components Limited

Balance Sheet as at March 31, 2021

[Rupees in Lakhs]

ASSETS			
Non-current assets			
Property, plant and equipments	5	4,097.05	4,031.01
Capital work-in-progress	5	40.29	101.89
Intangible assets	6	30.16	30.16
Financial Assets			
- Loans	7	849.63	1,109.63
Deferred tax Assets (net)	8	361.19	315.66
Other non-current assets	14	6.69	15.52
Total non-current assets		5,385.01	5,603.87
Current assets			
Inventories	9	2,150.79	1,973.44
Financial Assets			
- Trade receivables	10	1,175.50	1,979.98
- Cash and Bank balance	11	218.39	7.40
- Loans	7	62.04	46.31
- Other financial assets	12	374.77	383.22
Current tax assets (net)	13	15.68	26.99
Other current assets	14	315.92	331.59
Total current assets		4,313.09	4,748.93
Total Assets		9,698.10	10,352.80
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	15	4,605.00	4,605.00
Other Equity	16	(1,832.83)	(872.02)
		2,772.17	3,732.98
Non-current liabilities			
Financial Liabilities			
- Borrowings	17	-	300.00
Provisions	19	997.47	850.93
Other non-current liabilities	20	12.50	13.72
Total non-current liabilities		1,009.97	1,164.65
Current liabilities			
Financial Liabilities			
- Borrowings	17	-	262.54
- Trade Payables	21	4,963.46	4,557.70
- Other financial liabilities	18	626.37	438.04
Provisions	19	35.67	42.42
Other current liabilities	20	290.46	154.47
Total current liabilities		5,915.96	5,455.17
Total Liabilities		9,698.10	10,352.80

The accompanying notes (1 to 46) are forming part of these financial statements

In terms of our report attached
For Budhraj Adlakha & Co.
Chartered Accountants
Firm Registration No : 005154N

Rahool Adlakha
Partner
Membership No. - 083788



Place : Gurugram
Date : June 19, 2021

For and on behalf of the Board of Directors of
Rico Aluminium and Ferrous Auto Components Limited

Rajiv Kumar Miglani
Managing Director
DIN-06873155

Mukesh Goyal
Chief Financial Officer

Naresh Kumar Sethi
Director
DIN-00202498

Rahul Das
Company Secretary

Rico Aluminium and Ferrous Auto Components Limited
Statement of Profit & Loss for the year ended March 31, 2021

[Rupees in Lakhs]

Particulars	Notes No.	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from Operations	22	16,989.08	19,190.02
Other Income	23	168.05	172.15
Total Income		17,157.13	19,362.17
EXPENSES			
Cost of Material Consumed	24	7,178.41	6,895.04
Changes in Inventories of finished goods & work-in-progress	25	(281.13)	(87.68)
Other Manufacturing Expenses	26	6,380.40	7,651.47
Employee benefits expenses	27	3,263.73	3,755.87
Finance costs	28	56.38	93.37
Depreciation and amortisation expenses	29	511.56	658.93
Other expenses	30	995.99	1,509.60
Total expenses		18,105.34	20,476.60
Profit/(loss) before exceptional items and tax		(948.21)	(1,114.43)
Exceptional Items	31	9.72	157.96
Profit/(loss) before tax		(957.93)	(1,272.39)
Tax expense			
Current Tax	32	-	-
MAT Credit entitlement		-	-
Previous year tax		9.81	-
Deferred tax charges		(43.46)	(354.58)
Profit/(loss) for the year from continuing operations		(924.28)	(917.81)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:-			
Re-measurement gains (losses) on defined benefit plans		(48.31)	21.30
Income tax benefit		11.78	(5.54)
Net other comprehensive income not to be reclassified to profit or loss		(36.53)	15.76
Total Comprehensive income for the year, net of tax		(960.81)	(902.05)
Earnings per equity share (Nominal value of Rs. 10/each)			
Basic	33	(2.01)	(1.99)
Diluted		(2.01)	(1.99)

The accompanying notes (1 to 46) are forming part of these financial statements

In terms of our report attached
For Budhraj Adlakha & Co.,
Chartered Accountants
Firm Registration No : 005154N

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For and on behalf of the Board of Directors of
Rico Aluminium and Ferrous Auto Components Limited

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Managing Director
DIN-06873155

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Director
DIN-00202498

Rahul Das
Company Secretary

Place : Gurugram
Date : June 19, 2021

Rico Aluminium and Ferrous Auto Components Limited

Statement of Changes in Equity for the year ended March 31, 2021

[Rupees in Lakhs]

a. Equity Share Capital	Amount
Balance at April 1, 2020	4,605.00
Changes in equity share capital during the year	-
Balance at 31st March, 2021	4,605.00

b. Other Equity	Reserve & Surplus	
	General Reserve	Retained Earnings
Balance at April 1, 2020	-	(872.02)
Profit for the year	-	(924.28)
Other comprehensive income for the year, net of tax	-	(36.53)
Total comprehensive income for the year	-	(1,832.83)
Payment of Interim Dividend	-	-
Tax on Dividend	-	-
Balance at March 31, 2021	-	(1,832.83)

The accompanying notes (1 to 46) are forming part of these financial statements

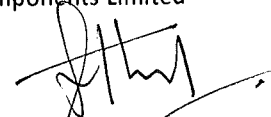
In terms of our report attached
For Budhraj Adlakha & Co.
 Chartered Accountants
 Firm Registration No :005154N

Rahool Adlakha
 Partner
 Membership No. - 083788



For and on behalf of the Board of Directors of
Rico Aluminium and Ferrous Auto Components Limited


Rajiv Kumar Miglani
 Managing Director
 DIN-06873155


Naresh Kumar Sethi
 Director
 DIN-00202498

Place : Gurugram
 Date : June 19, 2021


Mukesh Goyal
 Chief Financial Officer


Rahul Das
 Company Secretary

Rico Aluminium and Ferrous Auto Components Limited
Cash Flow Statement for the year ended March 31, 2021

[Rupees in Lakhs]

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flow From Operating Activities		
Profit before tax	(957.93)	(1,272.39)
Extraordinary Items	9.72	157.96
Adjustments for :		
Depreciation and amortisation expenses	511.56	658.93
Finance Costs	53.86	89.90
Interest Income	(126.60)	(136.73)
Re-measurement loss/(gain) on defined benefit plans	(48.31)	21.30
Net loss/(gain) on sale/discarding of property, plant and equipment	(1.25)	2.72
Impairment of Intangible Assets (Goodwill)	-	9.62
Operating profit before working capital changes	(558.95)	(468.69)
Adjustments for:		
- (Increase)/decrease in loans (non-current)	260.00	215.42
- (Increase)/decrease in other non-current assets	8.83	(5.72)
- (Increase)/decrease in inventories	(177.36)	138.61
- (Increase)/decrease in trade receivables	804.48	(255.31)
- (Increase)/decrease in loans (current)	(15.73)	(0.49)
- (Increase)/decrease in other financial assets (current)	8.46	(344.54)
- (Increase)/decrease in other current assets	15.67	(69.07)
- Increase/(decrease) in non-current provisions	146.54	32.57
- Increase/(decrease) in other non current liabilities	(1.22)	5.13
- Increase/(decrease) in trade payables	405.77	1,503.78
- Increase/(decrease) in other financial liabilities (current)	188.33	(334.63)
- Increase/(decrease) in current provisions	(6.75)	9.42
- Increase/(decrease) in other current liabilities	135.99	(65.80)
Cash Generated From operations	1,214.06	360.68
Income tax (net)	11.20	70.93
Cash Generated From operations before extraordinary Items	1,225.26	431.61
Extraordinary Items	(9.72)	(157.96)
Net Cash from/(used in) Operating Activities (A)	1,215.54	273.65
Cash Flow From Investing Activities		
Purchase of property, plant and equipment and Other Assets.	(560.44)	(801.75)
Proceeds from sale of property, plant and equipment and other assets	45.69	779.64
Interest received	126.60	136.73
Net Cash from/(used in) Investing Activities (B)	(388.15)	114.62
Cash Flow From Financing Activities		
Repayment of long term/short term borrowings	(562.54)	(182.72)
Finance cost paid	(53.86)	(89.90)
Payment of dividend on equity shares	-	(92.10)
Income tax on dividend Payment	-	(18.93)
Net Cash from/(used in) Financing Activities (C)	(616.40)	(383.65)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	210.99	4.62
Add: Cash and Cash Equivalents at the beginning of the year	7.40	2.78
Cash and Cash Equivalents at the end of the year	218.39	7.40
Components of cash and cash equivalents		
Cash on Hand	0.72	0.01
With banks -		
On Current Accounts & cheque in hand	217.67	7.39
Total cash and cash equivalents (Refer Note No.-11)	218.39	7.40

In terms of our report attached

For Budhraj Adlakha & Co.
Chartered Accountants
Firm Registration No :005154N

Rahool Adlakha
Partner
Membership No. - 083788

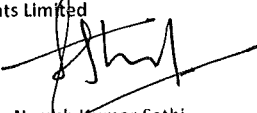


Place : Gurugram
Date : June 19, 2021

**For and on behalf of the Board of Directors of
Rico Aluminium and Ferrous Auto Components Limited**


Rajiv Kumar Miglani
Managing Director
DIN-06873155


Mukesh Goyal
Chief Financial Officer


Naresh Kumar Sethi
Director
DIN-00202498


Rahul Das
Company Secretary

1 Corporate Information

The Company was incorporated with Registrar of Companies, NCT of Delhi & Haryana vide CIN : U34300HR2008PLC037956 dated 27TH May 2008, by the name of RAA Autocom Limited and has changed its name to Rico Aluminium and Ferrous Auto Components Limited on February 23, 2015 in the Financial Year 2014-15.

The principal Activities of the Company is manufacturing of ferrous components for Automobile and other related services.

2 Basis of preparation and presentation

2.1 Statement of compliance

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended time to time) and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

2.2 Accounting Convention & Operating cycles

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below :

All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.3 Going concern

The financial statements have been prepared on going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities (instruments) that are measured at fair values at the end of each reporting period.

2.4 Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

The following are the areas of estimation uncertainty and critical judgments that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

2.4.a Estimation of uncertainties relating to the global health pandemic from COVID - 19 (COVID -19)

The Covid -19 pandemic has impacted the businesses around the world, including India. There has been severe disruption to the regular operations of the Company in the first quarter of FY 2020-21 due to Government imposed emergency restrictions and lockdown. The Company has assessed the impact on liquidity position and carrying amounts of Inventories, Trade receivables, Property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date.

The company will continue to monitor the future economic conditions and assess its impact on the financial Statements. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of the approval of financial Statements.



2.4.b Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

2.4.c Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

2.4.d Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

2.4.e Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

2.4.f Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

2.4.g Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

2.4.h Contingent liabilities

The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.



3 Significant Accounting Policies

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements.

(i) Sale of Goods and Services

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon delivery

Revenue from services rendered is recognised when the work is performed and as per the terms of agreement.

(ii) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of products provide customers with a right to claim RM Indexation benefit (revision in price of raw material based upon variation in index prices) and The RM Indexation give rise to variable consideration.

(iii) RM Indexation

The Company provides RM Indexation to certain customers based on revision in price of raw material due to variation in index prices. To estimate the variable consideration for the expected future benefits the Company applies the most likely amount method for contracts. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future benefits.

(iv) Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

The Same is disclosed as "Unbilled Revenue" under other current financial assets.

(v) Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the company performs under the contract. the same is disclosed as "Advance from Customer" under other Current Liabilities.

3.1.b Interest & Dividend Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognised using effective interest rate (EIR) method.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

3.1.c Rental Income

Rental income arising from assets given under operating leases is recognised over the lease term for which the asset is given on rent as per the rent agreement and is shown in other income under revenue in the statement of profit and loss.



Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2021

3.2 Foreign currencies transactions:

The functional currency of the Company is Indian Rupees which represents the currency of the primary economic environment in which it operates.

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in Statement of profit or loss in the period in which they arise.

3.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of profit or loss in the period in which they are incurred.

3.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.4.a Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.4.b Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.4.c Current and Deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.



Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2021
3.5 Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalised with the related fixed assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of asset and recognised in Statement of profit or loss.

Capital Work-in- Progress represents assets under construction and is carried at cost.

Depreciation methods, estimated useful lives and residual value

Depreciation on building and plant and machinery is provided on the straight-line method, computed on the basis of useful life, on a pro-rata basis from the date the asset is ready to put to use, subject to transitional provisions of Schedule II. However, for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years based on the technical estimate and history of usage.

Depreciation on other property, plant and equipment (except Dies & Moulds) is provided on written-down method on a pro-rata basis from the date in which each asset is ready to put to use to allocate their cost, net of their residual values, over their estimated useful lives as per prescribed Schedule II to the Companies Act, 2013.

Depreciation on dies and moulds is provided based on actual no of shot ascertained on a technical estimate by the management.

Estimated useful lives of assets are as follows which is based on technical evaluation of the useful lives of the assets:

Particulars	Estimated useful life
Plant & Machinery *	15-20 Years
Dies & Moulds	Actual shots
Furniture & Fixture	10 Years
Office equipment	5 Years
Computer & servers	3 - 8 Years
Vehicles	8 Years
Stores & Spares	2-5 years, when put to use.

[* Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of schedule II of the companies Act, 2013]

Gains and losses arising on the disposal or retirement of an item of Property, plant & Equipment is determined as the difference between the sale proceeds and carrying amount of asset and are credited/ debited to Statement of profit or loss.

3.6 Other Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Initial recognition of intangible assets is carried at cost less accumulated amortisation and impairment losses, if any.

Intangible assets are being amortized on Straight Line value method over the estimated useful economic life of 5 years, except goodwill (which is not required to be amortised as per Ind AS 109).

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 recognized in the statement of profit and loss when the asset is derecognized.



3.7 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.8 Inventories

Inventories are valued as follows:

3.8.a Raw materials, stores and spares

Inventories are valued at the Lower of cost and net realisable value. 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. Cost is determined on a weighted average basis.

Store and Spares (Machinery Spares) having useful life of more than twelve months are capitalised under "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

3.8.b Work in progress

Work in progress is valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity and actual stage of production.

3.8.c Finished Goods

Finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.

3.9 Employee Benefits

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment towards un-availed leave, compensated absences and other terminal benefits.

3.9.a Short-term obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled within the operating cycle after the end of the period in which the employees render the related services are recognised in the period in which the related services are rendered and are measured at the undiscounted amount expected to be paid.

3.9.b Other Long-term employee benefit obligations

Compensated absences

Long term employee benefits such as compensated absences and long service awards are charged to statement of profit and loss on the basis of an actuarial valuation carried out by an independent actuary as at the year-end. Actuarial gains and losses are recognised in full in the statement of profit and loss during the year in which they occur.



3.9.c Post-employment obligations

Defined benefit plans

Liability for defined benefit plans i.e. gratuity is determined based on the actuarial valuation carried out by an independent actuary as at the year-end. As these liabilities are relatively long term in nature, the actuarial assumptions take in account the requirements of the relevant Ind AS coupled with a long term view of the underlying variables / trends, wherever required.

Service cost and net interest cost on the defined benefit liabilities/assets are recognized in the statement of profit and loss as employee benefit expense. Gains and losses on remeasurement of defined benefits liabilities arising from changes in actuarial assumptions and experience adjustments are recognised in the other comprehensive income and are included in retained earnings in the balance sheet.

Defined Contribution plans

The Company has defined contribution plans under which the company pays fixed contribution into fund established under the Employee's State Insurance Act, 1948 and employee Provident Fund and Miscellaneous Provision Act, respectively. The contributions recognised in respect of defined contribution plans are charged to the statement of profit and loss every year. The company has no further payment obligations both legal & Constructive, once the contributions have been paid.

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on July 07 2020 in the Gazette and the Act is yet to be effective.

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on September 28 2020. However, the date on which these Codes will come into effect has not been notified. The Company will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

3.9.d Termination benefits

A liability for the termination benefit is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit.

3.10 Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

a) At the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement

3.10.A Financial Assets

i) **Financial assets at amortised cost** – the financial instrument are measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method.



ii) Financial assets at fair value

Investments in equity instruments other than above – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. Option is not available

If the Company decides to classify an equity instrument as at FVOCI, 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 other comprehensive income to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

iii) De-recognition of financial assets

A financial asset is primarily de-recognised 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.

3.10.B Financial liabilities

i) Borrowings and other financial liabilities

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

ii) 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, 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.

iii) De-recognition of financial liabilities

A financial liability is de-recognised 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 de-recognition 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.

iv) 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.



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v) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

vi) Trade receivables

- **For debtors that are not past due** – The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Life time expected credit losses are assessed and accounted based on company's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates for each identified segment.

The Company defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

- **For debtors considered past due** – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Company writes off trade receivables when there is no objective evidence that such amounts would be recovered. Financial assets that are written-off are still subject to enforcement activity by the Company.

vii) Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

3.11 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.11.a The Company as lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective lease assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new lease standard.



3.11.b The Company as lessee

The Company has a single leasing arrangement which meets the definition of short term lease in accordance with Ind AS 116. The Company has elected to apply the practical expedient to not recognise a lease liability and right-of-use asset for short-term leases with a lease term of 12 months or less. Payments associated with short term leases are recognised on a straight line basis in the Statement of Profit and Loss.

3.12 Provisions & Contingencies

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

3.13 Cash flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.14 Cash & Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes 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.

3.15 Cash dividend distribution to equity holders

The Company recognises a liability to make cash distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.16 Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the company.

3.17 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.



5 Property, Plant and Equipment and capital work-in Progress.

Carrying Amount of	As at	
	March 31, 2021	March 31, 2020
Leasehold Building	10.82	12.95
Plant and Machinery	3,345.89	3,343.12
Dies & Mould	133.30	122.13
Furniture and Fixtures	2.56	2.67
Office Equipments	5.01	5.91
Computer	10.15	22.81
Vehicles	16.33	25.07
Store & Spares	572.99	496.35
	4,097.05	4,031.01
Capital work-in-progress #	40.29	101.89
	40.29	101.89

Capital work-in-progress represents assets under installation or construction and is carried at cost.

Cost or deemed cost

Particulars	Leasehold Building	Plant and Machinery	Dies & Mould	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Store & Spares	Total
Deemed cost at April 1, 2020	15.72	4,867.35	191.19	6.11	14.18	35.26	64.14	566.46	5,760.42
Addition for the year	-	442.53	25.56	-	-	0.61	-	153.34	622.04
Disposal / adjustments	-	(67.30)	(2.12)	-	(0.19)	(3.19)	(7.70)	(16.00)	(96.51)
Balance at March 31, 2021	15.72	5,242.58	214.63	6.11	13.99	32.68	56.44	703.80	6,285.95

Accumulated Depreciation and Impairment

Accum. dep as at April 1, 2020	2.77	1,524.23	69.06	3.44	8.27	12.45	39.07	70.11	1,729.41
Depreciation expenses	2.13	412.58	14.39	0.11	0.89	13.10	7.65	60.70	511.56
Disposal / adjustments	-	(40.12)	(2.12)	-	(0.18)	(3.03)	(6.62)	-	(52.07)
Balance at March 31, 2021	4.90	1,896.69	81.33	3.55	8.98	22.53	40.11	130.81	2,188.90

Carrying amount of

Particulars	Leasehold Building	Plant and Machinery	Dies & Mould	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Store & Spares	Total
Deemed cost at April 1, 2020	12.95	3,343.12	122.13	2.67	5.91	22.81	25.07	496.35	4,031.01
Addition for the year	-	442.53	25.56	-	-	0.61	-	153.34	622.04
Disposal / adjustments	-	(27.18)	-	-	(0.01)	(0.16)	(1.09)	(16.00)	(44.44)
Depreciation charges	(2.13)	(412.58)	(14.39)	(0.11)	(0.89)	(13.10)	(7.65)	(60.70)	(511.56)
Balance at March 31, 2021	10.82	3,345.89	133.30	2.56	5.01	10.15	16.33	572.99	4,097.05



6 Intangible Assets

Particulars	As at March 31, 2021	As at March 31, 2020
- Carrying amount of goodwill	30.16	30.16
Total	30.16	39.78
Cost or deemed cost		
Particulars	Goodwill	Total
Deemed cost at April 1, 2020	30.16	30.16
Addition for the year	-	-
Disposal /Impairment/Adjustments	-	-
Balance at March 31, 2021	30.16	30.16
Accumulated amortisation and Impairment		
As at April 1, 2020	-	-
Amortisation expenses	-	-
Balance at March 31, 2021	-	-
Carrying amount of		
As at April 1, 2020	30.16	30.16
Addition for the year	-	-
Amortisation Expenses for the year	-	-
Balance at March 31, 2021	30.16	30.16



7 Loans (unsecured and considered good, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
Non-current		
Security Deposits	4.63	4.63
Loans to related parties	845.00	1,105.00
	<u>849.63</u>	<u>1,109.63</u>
Current		
Employee related loans and advances	62.04	46.31
	<u>62.04</u>	<u>46.31</u>

8 Deferred Tax Assets

	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment and Intangible assets	(331.12)	(167.27)
Accrued expenses allowed in the year of payment	318.55	112.92
Remeasurement of Defined Benefit Obligations	11.21	(0.57)
Carry forward of Losses for future years	321.05	321.05
Mat Credit Entitlement	38.47	48.18
Other	3.03	1.35
Deferred tax assets (Net)	<u>361.19</u>	<u>315.66</u>

Significant components of net deferred tax assets and liabilities are as follows:

	Opening Balance	Recognised in Profit or Loss	Recognised in OCI	Closing Balance
For the year ended March 31, 2021				
Property, plant and equipment and Intangible assets	(167.27)	(163.85)	-	(331.12)
Accrued expenses allowed in the year of payment	112.92	205.63	-	318.55
Remeasurement of Defined Benefit Obligations	(0.57)	-	11.78	11.21
Carry forward of Losses for future years	321.05	-	-	321.05
Others	1.35	1.68	-	3.03
Mat Credit Entitlement	48.18	(9.71)	-	38.47
Net deferred tax (liabilities)/Assets	<u>315.66</u>	<u>33.75</u>	<u>11.78</u>	<u>361.19</u>
For the year ended March 31, 2020				
Property, plant and equipment and Intangible assets	(166.16)	(1.11)	-	(167.27)
Accrued expenses allowed in the year of payment	78.75	34.17	-	112.92
Remeasurement of Defined Benefit Obligations	4.97	-	(5.54)	(0.57)
Carry forward of Losses for future years	-	321.05	-	321.05
Others	0.87	0.48	-	1.35
Mat Credit Entitlement	48.18	-	-	48.18
Net deferred tax (liabilities)/Assets	<u>(33.39)</u>	<u>354.58</u>	<u>(5.54)</u>	<u>315.66</u>

1 Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

2 On account of reclassification to/from "Deferred Tax balances" from/to "Provision for Taxation" and intra movement within Deferred Tax Liabilities/Deferred tax Assets.

9 Inventories

(lower of cost and net realisable value)

	As at March 31, 2021	As at March 31, 2020
Raw Material & Components	260.20	279.78
Work-in-progress	1,182.73	817.09
Finished Goods	64.05	148.56
Goods in Transit of Finished Goods	11.70	8.94
Stores & Spares	632.11	719.07
	<u>2,150.79</u>	<u>1,973.44</u>

Note :

9.1. The cost of inventories recognised as an expense includes of Rs 7.60 Lacs (previous year of Rs. 1.84 Lacs) in respect of provision for slow/non-moving inventory.

9.2. The mode of valuation of inventories has been stated in note 3.8



Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2021

[Rupees in Lakhs]

10 Trade Receivable	As at March 31, 2021	As at March 31, 2020
Unsecured - Considered good	1,175.50	1,979.98
Total	1,175.50	1,979.98

10.1 The credit period generally allowed on domestic sales varies from 30 to 60 days (excluding transit period).

Age of receivables	As at March 31, 2021	As at March 31, 2020
Within the credit period	466.79	318.65
Upto 6 months past due	708.71	1,661.09
More than 6 months past due	-	0.24
Total	1,175.50	1,979.98

11 Cash and Bank Balances	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents:		
Balances with Banks	217.67	7.39
Cash in hand	0.72	0.01
Cash and cash equivalents as per cash flow statement	218.39	7.40

12 Other financial assets (unsecured and considered good, unless otherwise stated)	As at March 31, 2021	As at March 31, 2020
Current		
<i>Financial assets carried at amortised cost</i>		
Current maturities of Loans to related parties (Refer from note no. 7)	260.00	195.00
Security Deposits	-	20.42
Income Tax Refundable	-	93.89
Interest accrued on Loans	25.95	61.66
Other Recoverable	88.82	12.25
Total	374.77	383.22

13 Current Tax Assets (net)	As at March 31, 2021	As at March 31, 2020
Advance Tax (taxes paid)	15.68	26.99
Total	15.68	26.99

14 Other assets (unsecured and considered good, unless otherwise stated)	As at March 31, 2021	As at March 31, 2020
Non-current		
Capital Advances	3.96	10.70
Prepaid Expenses	2.73	4.82
Total	6.69	15.52
Current		
Advance to suppliers	80.73	44.30
Prepaid Expenses	65.93	70.19
Assets held for sale	-	41.11
<i>Balance with Statutory/ Government Authorities on account of :</i>		
VAT, Sales Tax & GST	169.26	175.99
Total	315.92	331.59



15 Equity Share Capital	As at March 31, 2021	As at March 31, 2020
Authorised share capital:		
50000000 Equity Shares of Rs. 10 each (As at 31.03.2020 : 50000000 Equity Shares of Rs. 10 each)	5,000.00	5,000.00
Issued, subscribed and fully paid up share capital comprises:		
46050000 Equity Shares of Rs. 10 each (As at 31.03.2020 : 46050000 Equity Shares of Rs. 10 each)	4,605.00	4,605.00
	<u>4,605.00</u>	<u>4,605.00</u>

a) Rights, Preference and restriction attached to equity shares

- The company has only one class of equity share, having per value of Rs.10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from shareholders

- In the event of liquidation of the company, the holder of equity share 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 the equity shareholders.

b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year

	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	460,50,000	4,605.00	460,50,000	4,605.00
Issued during the year	-	-	-	-
Balance as at the end of the year	<u>460,50,000</u>	<u>4,605.00</u>	<u>460,50,000</u>	<u>4,605.00</u>

c) Shares held by holding /ultimate holding company and /or their subsidiaries /associates

	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Rico Investments Limited ,[Holding Co.] and its nominees 46050000 equity shares @ Rs 10 each fully paid up (Previous years 46050000 equity shares @ Rs 10 each fully paid up)	460,50,000	4,605.00	460,50,000	4,605.00
	<u>460,50,000</u>	<u>4,605.00</u>	<u>460,50,000</u>	<u>4,605.00</u>

d) Details of shares held by each shareholder holding more than 5% shares

	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity shares of Rs 10/- fully paid Rico Investments Limited [Holding co.] and its nominees	460,50,000	100.00%	460,50,000	100.00%



16 Other Equity

	As at March 31, 2021	As at March 31, 2020
General reserves	-	-
Securities premium reserves	-	-
Retained earnings	(1,832.83)	(872.02)
	<u>(1,832.83)</u>	<u>(872.02)</u>

Retained earnings

	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	(872.02)	141.06
Profit for the year	(924.28)	(917.81)
Other comprehensive income arising from remeasurement of defined benefit obligation *	(36.53)	15.76
Interim/Final Dividend Paid during the year**	-	(92.10)
Tax Paid on Interim/Final Dividend	-	(18.93)
Balance at end of year	<u>(1,832.83)</u>	<u>(872.02)</u>

* Net of Income Tax of Rs 11.77 Lacs (Previous Year of Rs 5.54 lacs)

** During the year, a dividend of Rs. NIL per share, total dividend Rs. NIL (Previous Year Rs. 0.20 Per share, total dividend of Rs. 92.10 Lacs) was paid to equity shareholders.

17 Borrowings

	As at March 31, 2021	As at March 31, 2020
Non-current		
Secured		
Term loan from Bank ¹	150.00	450.00
Unsecured		
Term loan from financial institution	-	-
	<u>150.00</u>	<u>450.00</u>
<i>The above amount includes</i>		
<i>Amount disclosed under the head "Current Maturities of long term debt"</i>	<u>(150.00)</u>	<u>(150.00)</u>
	-	<u>300.00</u>
Current		
Secured		
Loans repayable on demand from bank		
- Cash Credit and Overdraft ²	-	262.54
	<u>-</u>	<u>262.54</u>

Security Detail and Term of Repayment of Borrowings:

17.1. Loan from Bank, includes Term Loan from RBL bank, which carries Interest @ MCLR payable on monthly rest, Loan is repayable in 48 months after moratorium of 6 months starting from June 2018 in 14 equal quarterly installments. Loan is secured against entire fixed assets present and future and Letter of comfort issued by Rico Auto Industries Ltd. (Ultimate Holding Co.).

17.2. Cash credit facility of Rs. 3 crore is also obtained from RBL Bank, which carries interest rate one month MCLR plus 0.25% payable at monthly rest. Loan is secured against entire current assets, both present & future and Letter of comfort issued by Rico Auto Industries Ltd. (Ultimate Holding Co.).



18 Other Financial Liabilities

	As at March 31, 2021	As at March 31, 2020
Current		
Security Deposit	4.78	5.72
Current maturities of long term debts (Refer from note no. 17)	150.00	150.00
Payables to employees	470.57	281.82
Interest accrued	1.02	0.50
	626.37	438.04

19 Provisions

	As at March 31, 2021	As at March 31, 2020
Non-current		
Employee benefits		
- Provision for Gratuity	830.31	706.33
- Provision for Compensated Absences	167.16	144.60
	997.47	850.93
Current		
Employee benefits		
- Provision for Gratuity	27.98	32.24
- Provision for Compensated Absences	7.69	10.18
	35.67	42.42

20 Other Liabilities

	As at March 31, 2021	As at March 31, 2020
Non-current		
Security Deposits	22.83	23.77
	22.83	23.77
The above amount includes		
Amount disclosed under the head "Current"	(10.33)	(10.05)
	12.50	13.72
Current		
Advance from customers	0.79	1.85
Statutory Liabilities	277.05	139.85
Security Deposits (Refer From non-current Note no 20)	10.33	10.05
Others	2.29	2.72
	290.46	154.47

21 Trade Payable

	As at March 31, 2021	As at March 31, 2020
Dues to Micro Enterprises and Small Enterprises *	510.34	180.41
Due to related parties (Refer Note No 36)	2,803.58	3,123.05
Other Payables	1,649.54	1,254.24
	4,963.46	4,557.70

* The Company pays its vendors within 45 days and pays Interest where the period exceeds 45 Days. During the year company has made a provision Rs. 1.02 lacs (PY Rs. 0.50 Lacs) towards the interest in terms of the Micro, Small and Medium Enterprises Development Act, 2006.



22 Revenue from Operations

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Product		
Sale of Product	16,651.30	18,470.61
	<u>16,651.30</u>	<u>18,470.61</u>
Other operating revenues		
Sale of Scrap	104.65	79.98
Income from Services/Job work Charges	60.00	346.79
Others	173.13	292.64
	<u>337.78</u>	<u>719.41</u>
Total Revenue	<u>16,989.08</u>	<u>19,190.02</u>

23 Other Income

	Year ended March 31, 2021	Year ended March 31, 2020
Interest Incomes	126.60	136.73
Rental Income	36.00	35.34
Foreign Exchange Fluc. Gain	0.09	-
Net gain on sale of property, plant and equipment	1.25	-
Miscellaneous Income	4.11	0.08
	<u>168.05</u>	<u>172.15</u>

24 Raw Material & Components consumed

	Year ended March 31, 2021	Year ended March 31, 2020
Raw material at the beginning of the year	279.78	327.64
Add: Purchase during the year	7,158.83	6,847.18
Less: Raw material at the end of the year	260.20	279.78
Cost of Material Consumed	<u>7,178.41</u>	<u>6,895.04</u>

25 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the beginning of year		
Work-in-progress	817.09	792.32
Finished goods	148.56	85.65
	<u>965.65</u>	<u>877.97</u>
Inventories at the end of year		
Work-in-progress	1,182.73	817.09
Finished goods	64.05	148.56
	<u>1,246.78</u>	<u>965.65</u>
Net Changes in Inventories	<u>(281.13)</u>	<u>(87.68)</u>

26 Other Manufacturing Expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of Stores and Spares :		
Mechanical Spares Consumed	199.50	260.43
Electrical Spares Consumed	82.72	126.60
Consumable Tools Consumed	470.31	659.37
Others Stores & Spares Consumed	632.12	816.28
Power & Fuel	3,837.95	4,393.39
Sub Contractor Expenses	1,117.83	1,340.65
Machine hire charges	39.97	54.75
	<u>6,380.40</u>	<u>7,651.47</u>

27 Employee Benefit Expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and Wages	2,862.42	3,297.66
Directors Remuneration & Perquisites	64.00	24.66
Contribution to provident and other funds	166.47	189.97
Staff Welfare expenses	170.84	243.58
	<u>3,263.73</u>	<u>3,755.87</u>



28 Finance Costs

	Year ended March 31, 2021	Year ended March 31, 2020
Bank Charges	0.38	2.55
Interest costs:		
- Term Loan	32.42	62.94
- Buyer's Credit	-	-
- Cash credit & Overdraft	21.44	26.96
Other Interest costs	2.14	0.92
	<u>56.38</u>	<u>93.37</u>

29 Depreciation and Amortisation Expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment	511.56	658.93
	<u>511.56</u>	<u>658.93</u>

30 Other Expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Packing Material	159.23	236.63
Freight Outward Expenses	97.56	89.95
Rent	466.66	826.83
Repairs and Maintenance - Buildings	9.78	13.91
Repairs and Maintenance - Machinery	86.42	84.54
Repairs and Maintenance - Others	5.52	7.67
Insurance	83.03	106.63
Rates & Taxes	2.65	4.79
Directors Sitting Fee	3.80	3.80
Travelling & Conveyance	8.32	16.89
Professional Charges	18.04	20.20
Vehicle Expenses	31.79	32.29
Printing & Stationery	9.34	17.02
Staff Recruitment & Training	0.80	1.84
Communication Expenses	5.90	6.58
Foreign Exchange Fluctuation loss/(gain)	-	0.30
Testing Charges	1.12	17.38
Balance Written Off	-	3.44
Impairment of Intangible Assets (Goodwill)	-	9.62
Loss on Sale or Discard of Assets	-	2.72
Miscellaneous Expenses	1.03	1.57
Payment to Auditors :		
Audit Fees (incl. of Limited Reviews)	4.75	4.75
Taxation Matters	0.25	0.25
	<u>995.99</u>	<u>1,509.60</u>

31 Exceptional Items

	Year ended March 31, 2021	Year ended March 31, 2020
Service Compensation	7.54	64.00
VRS Benefit	2.18	93.96
	<u>9.72</u>	<u>157.96</u>



32 Income Taxes

[Rupees in Lakhs]

32.1 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax		
In respect of the current year	-	-
In respect of the earlier year tax	0.10	-
	0.10	-
Deferred Tax		
In respect of the current year	(43.46)	(354.58)
Mat Credit Entitlement (Reversal)	9.71	-
	(33.75)	(354.58)
Total income tax expense recognised in the profit & Loss	(33.65)	(354.58)

The income tax expense for the year can be reconciled to the accounting profit as follows

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	(957.93)	(1,272.39)
Substantially enacted tax rate	-	-
Exempted Income	-	-
Accrued expenses allowed in the year of payment	-	-
Current Tax Provision	-	-
Incremental deferred tax liability on account of property, plant and equipment and Intangible assets	163.85	1.11
Incremental deferred tax liability/ (Assets) on account of Financial Assets and other items.	(207.31)	(355.69)
Deferred Tax Provision	(43.46)	(354.58)

32.2 Income tax recognised in other comprehensive income

For the year ended
March 31, 2021

For the year ended
March 31, 2020

Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	(11.78)	5.54
	(11.78)	5.54

33 Earning per share (EPS)

Earning Per Share (EPS) computed in accordance with Indian Accounting Standard (Ind AS) 33 issued by The Institute of Chartered Accountants of India:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit for the year, as per Statement of Profit & Loss (Rs.)	(924.28)	-917.81
Weighted average number of equity shares for the purposes of basic/diluted earnings per share (in Nos)	46050000	46050000
Basic Earning Per share (Rs.)	(2.01)	(1.99)
Diluted Earning Per share (Rs.)	(2.01)	(1.99)

34 Retirement and Other Employee Benefits

The various benefits provided to employees by the Company are as under:



34.1 Defined contribution plans

During the year the Company has recognised the following amounts in the statement of profit and loss:

- Employers contribution to Employee's provident fund and Employee's Pension Scheme 1995
- Employers contribution to Employee State Insurance Act 1948

	March 31, 2021	March 31, 2020
	(Rs.)	(Rs.)
Employers contribution to provident fund & Employee's Pension Scheme	161.91	179.88
Employers contribution to Employee State Insurance	1.46	6.50

34.2 Defined benefit plans and other long term benefits

- Employers contribution to gratuity fund
- Leave encashment/compensated absences

	March 31, 2021	March 31, 2020
	(Rs.)	(Rs.)
	-	-
	-	-

These plans typically expose the Company to actuarial risks such as: Investment risk, Interest rate risk, demographic risk and salary risk.

Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Interest risk:

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability. (as shown in financial statements).

Demographic Risk:

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Salary Risk:

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

a) The principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	Gratuity Fund	Leave encashment/ Compensated Absences
As at March 31, 2021		
Discount rate	6.75%	6.75%
Salary escalation rate	5.50%	5.50%
Expected rate of return on plan assets	-	-
As at March 31, 2020		
Discount rate	6.80%	6.80%
Salary escalation rate	5.50%	5.50%
Expected rate of return on plan assets	-	-



b) Components of expenses recognised in the statement of profit or loss in respect of:

	Employee Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2021		
Current Service Cost	53.64	23.13
Past Service Cost	-	-
Actuarial (gain)/ loss	-	36.76
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	50.36	10.56
Expenses recognised in profit or loss	104.00	70.45
Year ended March 31, 2020		
Current Service Cost	51.34	22.73
Past Service Cost	-	-
Actuarial (gain)/ loss	-	2.30
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	54.76	12.90
Expenses recognised in profit or loss	106.10	37.93

c) Components of expenses recognised in the other comprehensive income in respect of:

	Employee Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2021		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	4.87	-
- Experience variance	43.43	-
- Others	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	-
Remeasurement (or actuarial)(gain)/loss arising because of change in effect of asset ceiling	-	-
Component of defined benefit costs recognised in other comprehensive income	48.30	-
Year ended March 31, 2020		
- Changes in demographic assumptions	(0.29)	-
- Changes in financial assumptions	(28.07)	-
- Experience variance	7.06	-
- Others	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	-
Remeasurement (or actuarial)(gain)/loss arising because of change in effect of asset ceiling	-	-
Component of defined benefit costs recognised in other comprehensive income	(21.30)	-

The current service cost and the interest expense for the year are included in the 'Employee benefits expense' in the profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income

d) The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows

	Gratuity Fund	Leave encashment/ Compensated Absences
As at March 31, 2021		
Present value of obligation	858.29	174.85
Fair value of plan assets	-	-
Surplus / (deficit)	(858.29)	(174.85)
Effects of asset ceiling, if any	-	-
Net asset / (liability)	(858.29)	(174.85)
As at March 31, 2020		
Present value of obligation	738.56	154.78
Fair value of plan assets	-	-
Surplus / (deficit)	(738.56)	(154.78)
Effects of asset ceiling, if any	-	-
Net asset / (liability)	(738.56)	(154.78)



e) Movement in the present value of the defined benefit obligation are as follows:

	Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2021		
Present value of obligation as at the beginning	738.56	154.78
Current service cost	53.64	23.13
Interest expense or cost	50.36	10.55
Remeasurement (or actuarial) (gain) / loss arising from:		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	4.87	0.99
- Experience variance	43.43	35.77
- Others	2.55	0.56
Past service cost	-	-
Benefits paid	(35.12)	(50.93)
Present value of obligation as at the end	858.29	174.85
Year ended March 31, 2020		
Present value of obligation as at the beginning	690.66	160.69
Current service cost	51.34	22.74
Interest expense or cost	54.76	12.90
Remeasurement (or actuarial) (gain) / loss arising from:		
- Changes in demographic assumptions	(0.28)	(0.06)
- Changes in financial assumptions	(28.08)	(5.78)
- Experience variance	7.06	8.13
- Others	19.00	6.52
Past service cost	-	-
Benefits paid	(55.90)	(50.36)
Present value of obligation as at the end	738.56	154.78

f) Movement in the fair value of the plan assets are as follows:

	Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2021	NIL	NIL
Year ended March 31, 2020	NIL	NIL

g) Major categories of plan assets (as percentage of total plan assets)

	Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2021	NIL	NIL
Year ended March 31, 2020	NIL	NIL

Sensitivity Analysis for gratuity liability

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	March 31, 2021	March 31, 2020
Defined Benefit Obligation (Base)	858.29	738.56

Particulars	March 31, 2021		March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.5%)	909.18	811.26	783.45	697.17
(% change compared to base due to sensitivity)	5.9%	-5.5%	6.1%	-5.6%
Salary Growth Rate (- / + 0.5%)	810.50	909.55	696.31	784.00
(% change compared to base due to sensitivity)	-5.6%	6.0%	-5.7%	6.2%
Attrition Rate (- / + 50% of attrition rates)	854.07	862.25	734.13	742.71
(% change compared to base due to sensitivity)	-0.50%	0.5%	-0.6%	0.6%
Mortality Rate (- / + 10% of mortality rates)	857.95	858.63	738.26	738.88
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%



35 Financial instruments and risk management

[Rupees in Lakhs]

35.1 A Financial Instruments by Category

	As at March 31, 2021		As at March 31, 2020	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets*				
<i>Non Current</i>				
Loans	-	849.63	-	1,109.63
<i>Current</i>				
Investments	-	-	-	-
Trade Receivables	-	1,175.50	-	1,979.98
Cash and Cash Equivalents	-	218.39	-	7.40
Loans	-	62.04	-	46.31
Other financial assets	-	374.77	-	383.22
Total financial assets	-	2,680.33	-	3,526.54
Financial liabilities				
<i>Non Current</i>				
Borrowings (excluding current maturities)	-	-	-	300.00
Other financial liabilities	-	-	-	-
<i>Current</i>				
Borrowings	-	-	-	262.54
Trade payables	-	4,963.46	-	4,557.70
Other financial liabilities	-	626.37	-	438.04
Total financial liabilities	-	5,589.83	-	5,558.28



Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2021

35.2 Risk management

The Company, is exposed to various market risks, credit risk and liquidity risk. The company's management structure, distribution of activities to the various plants and the head office makes up the organised risk management system. The laid down processes, periodic communication, control framework and management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risk in which the company is exposed to and how it manages the risk.

35.2.A Market risk:

a. Price risk:

The Company is using aluminium and ferrous items for production of various products. Fluctuation in commodity prices in global market affects directly and indirectly the price of raw material and components used by the Company in manufacturing its various product segments. Further, Pricing pressure from its major Customer to give price cuts and the inability to pass on the increased cost of inputs to the customers may also affect the profitability of the company. The Price risk arises due to fluctuation in prices of these commodities.

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices. The Company's commodity risk is managed centrally through well-established trading operations and control processes. Further, the Company is having arrangement with major customer for actualization of raw material price variations periodically.

b. Foreign currency risk:

Foreign currency risk arise from monetary receivables and obligations expressed in a currency other than functional currency of the Company. Primarily the Company is catering to customers in local currency. However, in respect of import of BOP and spares (which accounts for only 1% of the total material consumption) there is an exposure to foreign Currency risks which are managed within approved policy parameters.

The derivative instruments and unhedged foreign currency exposure is as follows:

(i) Derivatives outstanding as at the reporting date

Particulars / Purpose	Currency	March 31, 2021	March 31, 2020
Forward Contract (Buy)	USD : INR	NIL	NIL

(ii) Particulars of unhedged foreign exposure as at the reporting date

The company exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

March 31, 2021	USD	JPY	EURO	GBP	Total
Particulars					
Trade payable (In INR)	(0.34)	(6.20)	4.77	0.75	(1.02)
Net payable	(0.34)	(6.20)	4.77	0.75	(1.02)
Sensitivity to increase of 1%	0.00	0.06	(0.05)	(0.01)	0.01
Sensitivity to decrease of 1%	(0.00)	(0.06)	0.05	0.01	(0.01)
March 31, 2020	USD	JPY	EURO	GBP	Total
Particulars					
Trade payable (In INR)	2.99	8.70	-	-	11.69
Net payable	2.99	8.70	-	-	11.69
Sensitivity to increase of 1%	(0.03)	(0.09)	-	-	(0.12)
Sensitivity to decrease of 1%	0.03	0.09	-	-	0.12



Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2021

c. Interest rate risk:

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation at floating interest rates.

The exposure of the Company's borrowing at variable rate and fixed rate at the end of reporting period are as follows:

	March 31, 2021	March 31, 2020
Variable rate borrowings	150.00	712.54
Fixed rate borrowings	-	-
Total borrowings	150.00	712.54

Profit/ loss is sensitive to higher / lower interest expense from borrowings as a results of changes in interest rates. Holding all other variable constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rate on floating portion of borrowings.

		For the year ended March 31, 2021	For the year ended March 31, 2020
Variable rate borrowings	Interest rate increase by 0.5%	1.81	4.70
	Interest rate decrease by 0.5%	(1.81)	(4.70)

55.2.B Credit Risk :

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Company and arises principally from the Company's receivables from customers and liquid investments with banking institutions / mutual funds. The maximum amount of the credit exposure is equal to the carrying amounts of these receivables.

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customer, is its ultimate holding company with good credit rating . Other customers are subjected to credit assessments as a precautionary measure, and the adherence of all customers to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default.

55.2.C Liquidity risk:

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities.

The Company manages liquidity risk by maintaining availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

(a) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	0- 3 months	3 - 6 months	6 months - 1 Year	1 - 3 Years	More than 3 years	Total
As at March 31, 2021						
Borrowing	75.00	75.00	-	-	-	150.00
Trade Payable (Goods, Service & Capital Goods)	4,963.46	-	-	-	-	4,963.46
Security Deposit	-	-	-	4.77	-	4.77
Others	471.60	-	-	-	-	471.60
Total	5,510.06	75.00	-	4.77	-	5,589.83
	0- 3 months	3 - 6 months	6 months - 1 Year	1 - 3 Years	More than 3 years	Total
As at March 31, 2020						
Borrowing	262.54	-	150.00	300.00	-	712.54
Trade Payable (Goods, Service & Capital Goods)	4,557.70	-	-	-	-	4,557.70
Security Deposit	-	-	-	5.72	-	5.72
Others	282.32	-	-	-	-	282.32
Total	5,102.56	-	150.00	305.72	-	5,558.28



35.3 Capital Risk Management

The Company's capital management objectives are:
-- to ensure the company's ability to continue as a going concern
-- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of any changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with the others in the industry, the Company monitors capital on the basis of the following gearing ratio:

A. Net Debt (Total Debt less cash and cash equivalents) divided by Total equity

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Debt	150.00	712.54
Cash and cash equivalent	(218.39)	(7.40)
Net Debts	(68.39)	705.14
Total Equity	2,772.17	3,732.98
Net debts to Total Equity	(0.02)	0.19

Loan covenants

The Company is in compliant with all the loan covenants on all the borrowings outstanding as on the financial statements date.

B. Dividends

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
<i>On Equity share of Rs. 10 each</i>		
Final Dividend		
- Amount of dividend paid	NIL	92.10
- Dividend per equity share	NIL	0.20
Interim Dividend		
- Amount of dividend paid	NIL	NIL
- Dividend per equity share	NIL	NIL



36 Related party disclosures

Names of related parties and related party relationship

i) Related parties where control exists

Ultimate holding company	Rico Auto Industries Ltd
Immediate Holding Company	Rico Investments Ltd.
Fellow subsidiary	Rico Jinfei Wheels Ltd. RASA Autocom Ltd.
Subsidiary of Ultimate Holding Company	AAN Engineering Industries Ltd Rico Auto Industries Inc. (USA) Rico Auto Industries (UK) Ltd. Rico Fluidtronics Limited Rico Friction Technologies Private Limited
Key Management personnel of Holding Company	Mr. Arvind Kapur Mr. Arun Kapur Mr. Om Prakash Aggarwal

Entities Controlled/Jointly Controlled by the Key Management Personnel (KMP) or KMP of Holding Companies.

Kapbros Engineering Industries Ltd.
Rico Castings Limited
ASN Manufacturing and Services Private Limited
Magpie Manufacturing and Tech Private Limited
Meraki Manufacturing and Finvest Advisors Private Limited
ASN Properties Private Limited

ii) Key Management personnel (KMP)

Details of Key Managerial personnel are as under :

Name of key persons	
Mr. Rajiv Kumar Miglani	Managing Director
Mr. Mukesh Goyal	Chief Financial Officer
Mr. Rahul Das	Company Secretary

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
i). Rico Auto Industries Ltd.		
Transactions during the year		
Sale of Finished / Unfinished Goods	17,843.13	20,239.46
Job Work Income	-	328.60
Purchase of Raw Material /consumables/store	1,295.82	807.00
Job Work Expenses	73.89	
Purchase of Capital Goods	24.59	213.17
Sale of Capital Goods	56.52	771.06
Support service expenses	70.80	80.64
Rental income	42.48	41.70
Rent paid	548.50	841.04
Reimbursement of Expenses to	4,416.46	4,914.12
Amount payable	2,799.00	3,115.03
Amount receivable	-	-
ii). AAN Engineering Industries Ltd		
Transactions during the year		
Purchase of Raw Material /consumables/store	9.09	3.01
Job Work Expenses	11.44	
Sale of Consumable / Stores	0.31	
Amount payable	4.58	-
Amount receivable	-	-



iii).Rico Jinfei Wheels Ltd.

Transactions during the year

Sale of Raw Material //consumables/store	0.01	-
Sale of Capital Goods	9.25	0.24
Purchase of Capital Goods	13.46	0.02
Amount payable	-	-
Amount receivable	0.25	0.42

iv).Kapbros Engineering Industries Ltd.

Transactions during the year

Purchase of Raw Material //consumables/store	3.57	56.83
Job work expenses	277.08	43.88
Sale of Capital Goods	15.53	83.09
Purchase of Capital Goods	16.26	87.00
Sale of Goods / Material	3,371.39	3,873.12
Amount payable	-	-
Amount receivable	1,158.34	1,979.56

v).Rico Castings Limited

Transactions during the year

Interest Received	121.02	136.50
Loans Recovered	195.00	0.00
Amount payable	-	-
Interest accrued receivable	25.95	61.42
Amount receivable	1,105.00	1,300.00

vi).ASN Manufacturing and Services Private Limited

Transactions during the year

Purchase of Raw Material //consumables/store	-	4.24
Job work expenses	-	3.85
Amount payable	-	8.02
Amount receivable	-	-

vii). Key Management Personnel

Remuneration paid to Key Management Personnel

Mr. Rajiv Kumar Miglani	64.00	24.66
Mr. Ranjeet Singh Yadav	-	12.73
Mr. Mukesh Goyal	26.59	29.77
Mr. Vishal Jadon	-	0.71
Mr. Rahul Das	3.57	1.34
	<u>94.16</u>	<u>69.21</u>

37 Capital and other commitments

Estimated amount of contracts remaining to be executed on account of capital commitment Rs.5.31 Lakh (previous year Rs. 78.24 Lakh) net of advance Rs 3.96 Lakh (previous year Rs. 11.93 Lakh)

38 Contingent Liabilities

March 31, 2021 March 31, 2020

a) Claims not acknowledged by the Company relating to cases contested by the Company and which, in the opinion of the Management, are not likely devolve on the Company

i) Central Excise & Service tax(Net of Amount Deposited of Rs 23.11 Lacs in FY 2020-21) 2.85 Crore 4.51 Crore

b) Demand against the company acknowledged as liability i.e. Income Tax, Sales Tax etc. NIL NIL

39 Detail of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). The disclosures pursuant to the said MSMED Act are as follows:

In Pursuance of Micro, Small & Medium Enterprises Development Act, 2006 the enterprises to whom the Company owes any sum which is outstanding at the year end are as follows :

	March 31, 2021	March 31, 2020
The Principal amount balance as on	510.34	180.41
Interest due thereon	1.02	0.50



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40	Value of imports calculated on CIF basis		
		<u>March 31, 2021</u>	<u>March 31, 2020</u>
	Raw Material & Components	24.44	28.19
	Consumable Stores	42.37	56.64
	Capital Goods	-	-
41	Income in Foreign Currency (Accrual Basis)		
		<u>March 31, 2021</u>	<u>March 31, 2020</u>
	Export Sales	-	-
42	Expenditure in Foreign Currency (Accrual Basis)		
		<u>March 31, 2021</u>	<u>March 31, 2020</u>
	Foreign Travels expenses	-	-
43	Imported and indigenous raw material, components and spares parts consumed		
		<u>March 31, 2021</u>	<u>March 31, 2020</u>
	Raw Material		
	Indigenous	6,039.56	5,909.84
	Imported	-	-
		6,039.56	5,909.84
	Percentage of total consumption		
	Indigenous	100%	100%
	Imported	0%	0%
	Components		
	Indigenous	829.12	868.46
	Imported	28.60	29.05
		857.72	897.51
	Percentage of total consumption		
	Indigenous	97%	97%
	Imported	3%	3%
	Stores & Spares		
	Indigenous	1,343.42	1,790.92
	Imported	41.23	71.77
		1,384.65	1,862.69
	Percentage of total consumption		
	Indigenous	97%	96%
	Imported	3%	4%



44 Rounding of amounts


All amounts disclosed in the financial statements and the accompanying notes have been rounded off to the nearest lacs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

45 Segment wise revenue, results and capital employed

- As the Company's business activity falls within a single primary business segment viz. "manufacturing and sale of auto components for two wheelers and four wheelers", hence, the company has only one primary reportable business segment.
- Secondary segment: Geographical- No such reporting required as company is operating in India only.

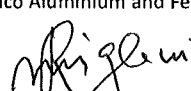
46 Previous period figures have been regrouped / reclassified, where necessary, to conform to this year's classification.


For Budhraj Adlakha & Co.
Chartered Accountants
Firm Registration No :005154N

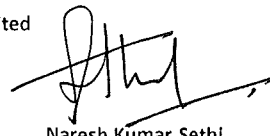

Raheel Adlakha
Partner
Membership No. 083788




For and on behalf of the Board of Directors of
Rico Aluminium and Ferrous Auto Components Limited


Rajiv Kumar Miglani
Managing Director
(DIN- 06873155)


Mukesh Goyal
Chief Financial Officer


Naresh Kumar Sethi
Director
DIN-00202498


Rahul Das
Company Secretary

Place : Gurugram
Date: June 19, 2021

Walker Chandiook & Co LLP

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Jacaranda Marg, DLF Phase II
Gurugram - 122 002
India

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Independent Auditor's Report

To the Members of Rico Jinfei Wheels Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Rico Jinfei Wheels Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

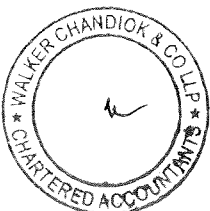
Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker ChandioK & Co LLP

Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Directors' report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



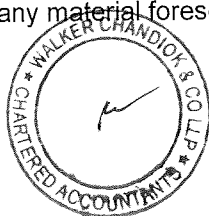
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Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 18 June 2021 as per Annexure B expressed unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 32 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;



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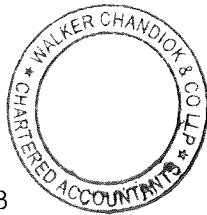
Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273



UDIN: 21517273AAAACW7496

Place: New Delhi
Date: 18 June 2021

Walker Chandiook & Co LLP

Annexure A to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended 31 March 2021

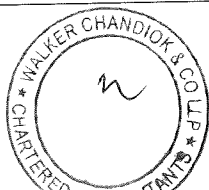
Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year, however, there is a regular program of verification once in three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute

(in lakhs)

Name of the statute	Nature of dues	Amount	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
The Central Goods and Services Tax Act, 2017	Penalty imposed under section 129 of CGST Act, 2017	4.74	4.74	Financial Year 2020-2021	Hon'ble Appellate Authority



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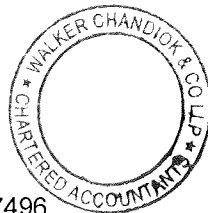
Annexure A to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company has no borrowings from the government and did not have any outstanding debentures during the year.
- (ix) In our opinion, the Company has applied the loans for the purposes for which these were raised. The Company did not raise any money by way of initial public offer / further public offer (including debt instruments).
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273



UDIN: 21517273AAAACW7496

Place: New Delhi
Date: 18 June 2021

Annexure B to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited on the financial statements for the year ended 31 March 2021

Annexure B

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Rico Jinfei Wheels Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3)



Walker Chandiook & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited on the financial statements for the year ended 31 March 2021 (Cont'd)

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

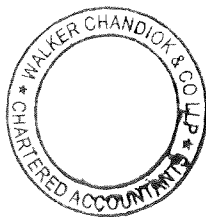
Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273



UDIN: 21517273AAAACW7496

Place: New Delhi
Date: 18 June 2021

Rico Jinfei Wheels Limited
Balance Sheet as at March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	5	3,729.54	4,230.13
Capital work-in-progress	5	151.49	682.55
Investment properties	5	1,417.63	-
Financial assets			
Loans	6	6.23	6.23
Deferred tax assets (net)	27	561.07	561.07
Non-current tax assets (net)		25.50	31.82
Other non-current assets	7	82.21	11.45
Total non-current assets		5,973.67	5,523.25
Current assets			
Inventories	8	1,232.39	507.87
Financial assets			
(i) Trade receivable	9	3,324.99	1,165.76
(ii) Cash and cash equivalents	10	3.83	3.05
(iii) Loans	6	496.32	490.39
(iv) Other financial assets	11	9.37	-
Other current assets	7	1,024.28	692.02
Total current assets		6,091.18	2,859.09
Total assets		12,064.85	8,382.34
Equity and liabilities			
Equity			
Equity share capital	12	4,750.00	4,750.00
Other equity	13	(4,232.37)	(4,448.70)
Total equity		517.63	301.30
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	4,531.14	4,675.50
Provisions	15	85.84	74.85
Other non-current liabilities	16	11.21	10.84
Total non-current liabilities		4,628.19	4,761.19
Current liabilities			
Financial liabilities			
(i) Borrowings	14	1,808.98	711.85
(ii) Trade payables			
a) Total outstanding dues of micro and small enterprises	17	1,275.56	519.82
b) Total outstanding dues of creditors other than micro and small enterprises	17	1,511.67	745.34
(iii) Other financial liabilities	18	1,953.46	1,221.12
Other current liabilities	16	355.89	104.54
Provisions	15	13.47	17.18
Total current liabilities		6,919.03	3,319.85
Total equity and liabilities		12,064.85	8,382.34

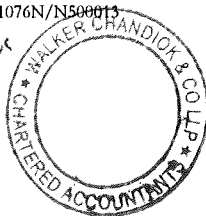
Summary of significant accounting policies and other explanatory information

1 to 43

This is Balance Sheet referred to in our report of even date

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Arun Tandon
Arun Tandon
Partner
Membership No.: 517273



For and on behalf of the Board of Directors of
Rico Jinfei Wheels Limited

Om Prakash Aggarwal

Om Prakash Aggarwal
Director
DIN: 01537211

Rakesh Kumar

Rakesh Kumar
Chief Financial Officer

Samarth Kapur

Samarth Kapur
Whole Time Director
DIN: 01525517

Heera Lal

Heera Lal
Company Secretary

Place: New Delhi
Date: June 18, 2021

Place: Gurugram
Date: June 18, 2021

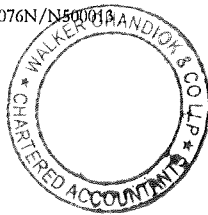
Signature

Rico Jinfei Wheels Limited
Statement of profit and loss for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	19	14,872.61	11,874.61
Other income	20	100.83	98.24
Total income		14,973.44	11,972.85
Expenses			
Cost of materials consumed	21	9,741.38	7,129.29
Change in inventories of finished goods and work in progress	22	(291.36)	16.37
Other manufacturing expenses	23	2,635.31	2,018.45
Employee benefits expense	24	690.35	753.53
Finance costs	25	695.42	777.28
Depreciation expense	5	527.98	553.94
Other expenses	26	766.30	661.72
Total expenses		14,765.38	11,910.58
Profit before tax		208.06	62.27
Tax expenses			
Current tax		-	-
Deferred tax	27	-	-
Total tax expense		-	-
Profit for the year		208.06	62.27
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurement of defined benefit plan obligations		8.27	(5.43)
Income tax		-	-
Other comprehensive income for the year		8.27	(5.43)
Total comprehensive income for the year		216.33	56.84
Basic and diluted [nominal value per share ₹ 10 (March 31, 2020: ₹ 10)]	28	0.44	0.16
Summary of significant accounting policies and other explanatory information	1 to 43		
This is the Statement of profit and loss referred to in our report of even date.			

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500014

Arun Tandon
Partner
Membership No.: 517273



For and on behalf of the Board of Directors of
Rico Jinfei Wheels Limited

Om Prakash Aggarwal
Director
DIN 01537211

Rakesh Kumar
Chief Financial Officer

Samarth Kapur

Samarth Kapur
Whole Time Director
DIN 01525517

Heera Lal
Company Secretary

Place: New Delhi
Date: June 18, 2021

Place: Gurugram
Date: June 18, 2021

Samp

Rico Jinfei Wheels Limited
 Statement of changes in equity for the year ended March 31, 2021
 (All amounts are in ₹ lakhs, unless otherwise stated)

A Equity share capital

Balance as at March 31, 2019
 Changes in equity share capital during the year
 Balance as at March 31, 2020
 Changes in equity share capital during the year
 Balance as at March 31, 2021

No. of shares	Amount
38,000,000	3,800.00
9,500,000	950.00
47,500,000	4,750.00
-	-
47,500,000	4,750.00

B Other equity

Balance as at March 31, 2019
 Profit for the year
 Other comprehensive income for the year (net of taxes)
 Total comprehensive income for the year
 Balance as at March 31, 2020
 Profit for the year
 Other comprehensive income for the year (net of taxes)
 Total comprehensive income for the year
 Balance as at March 31, 2021

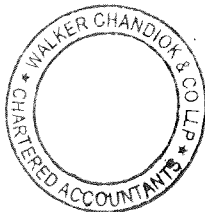
Retained earnings
(4,505.53)
62.27
(5.43)
56.84
(4,448.70)
208.06
8.27
216.33
(4,232.37)

This is the statement of changes in equity referred to in our report of even date.

For Walker Chandiook & Co LLP
 Chartered Accountants
 Firm Registration No. 001076N/N500013

Arun Tandon

Arun Tandon
 Partner
 Membership No.: 517273



For and on behalf of the Board of Directors of
 Rico Jinfei Wheels Limited

Om Prakash Aggarwal

Om Prakash Aggarwal
 Director
 DIN 01537211

Rakesh Kumar

Rakesh Kumar
 Chief Financial Officer

Samarth Kapur

Samarth Kapur
 Whole Time Director
 DIN 01525517

Heera Lal

Heera Lal
 Company Secretary

Place: New Delhi
 Date: June 18, 2021

Place: Gurugram
 Date: June 18, 2021

Sanjiv

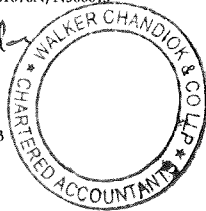
Rico Jinfei Wheels Limited
Cash Flow Statement for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities		
Net profit before tax	208.06	62.27
Adjustments for:		
Depreciation expense	527.98	553.94
Loss on sale of fixed assets	-	(4.17)
Finance costs	695.42	777.27
Interest income	(1.06)	-
Operating profit before working capital changes	<u>1,430.40</u>	<u>1,389.31</u>
Changes in working capital:		
Increase in inventories	(724.53)	84.00
Increase in trade receivables	(2,159.23)	259.62
Increase in financial assets	(20.03)	0.12
Increase in other assets	(398.30)	(216.20)
Increase in trade payables	1,522.07	(70.36)
Increase in other financial liabilities	4.89	0.47
Increase in other liabilities and provisions	<u>267.26</u>	<u>(5.04)</u>
Direct taxes paid (net of refunds)	(77.47)	1,441.92
Net cash (used in)/generated from operating activities	<u>(71.14)</u>	<u>1,429.84</u>
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital work in progress) and capital advances	(925.30)	(436.43)
Proceeds from sale of property, plant and equipment	11.40	211.63
Interest received	1.06	-
Net cash used in investing activities	<u>(912.90)</u>	<u>(224.80)</u>
C. Cash flow from financing activities		
Proceeds from long term borrowings	1,388.08	-
Repayment of non current borrowings	(900.61)	(1,018.48)
Proceeds from issue of equity Shares	-	950.00
Proceeds /(repayment) from current borrowings (net)	1,097.14	(884.53)
Interest paid	<u>(599.79)</u>	<u>(249.63)</u>
Net cash generated from/(used in) financing activities	<u>984.82</u>	<u>(1,202.64)</u>
Net increase in cash and cash equivalents	0.78	2.40
Cash and cash equivalents at the beginning of the year	3.05	0.65
Cash and cash equivalents at the end of the year (Refer note 10)	<u>3.83</u>	<u>3.05</u>

This is the Cash Flow Statement referred to in our report of even date.

For Walker Chandlok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273



Place: New Delhi
Date: June 18, 2021

For and on behalf of the Board of Directors of
Rico Jinfei Wheels Limited

Om Prakash Aggarwal
Director
DIN 01537211

Rakesh Kumar
Chief Financial Officer

Samarth Kapur
Whole Time Director
DIN 01525517

Heera Lal
Company Secretary

Place: Gurugram
Date: June 18, 2021

Rico Jinfei Wheels Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

5 Property, plant and equipments and Capital work in progress and Investment property

A. Property, plant and equipment

Particulars	Gross block				Accumulated depreciation			Net block	
	As at April 01, 2020	Additions	Deletions	As at March 31, 2021	Charge	Adjustments	Transferred to investment property*	As at March 31, 2021	As at March 31, 2020
Freehold land	682.38	-	-	682.38	-	-	-	-	682.38
Buildings	847.93	-	-	847.93	27.60	-	112.68	-	762.85
Furniture and fixtures	18.67	-	-	18.67	1.50	-	-	14.40	4.27
Plant and machinery	4,031.34	1,433.70	15.19	5,449.85	483.60	3.80	-	1,770.42	2,740.72
Vehicles	80.99	21.34	-	102.33	12.53	-	-	61.31	32.21
Office equipment	23.75	1.37	-	25.12	2.75	-	-	20.30	6.20
Total	5,685.06	1,456.41	15.19	5,595.97	527.98	3.80	112.68	1,866.43	3,729.54

Particulars	Gross block				Accumulated depreciation			Net block	
	As at April 01, 2019	Additions	Sale of Asset	As at March 31, 2020	Charge	Adjustments	Transferred to investment property*	As at March 31, 2020	As at March 31, 2019
Freehold land	602.21	80.17	-	682.38	-	-	-	682.38	602.21
Buildings	847.93	-	-	847.93	27.99	-	-	85.08	790.84
Furniture and fixtures	18.67	-	-	18.67	2.03	-	-	12.90	5.77
Plant and machinery	3,875.45	362.26	206.37	4,031.34	506.68	10.46	-	1,290.62	2,740.72
Vehicles	93.63	10.55	23.19	80.99	12.74	11.63	-	48.78	45.96
Office equipment	23.43	0.30	-	23.75	4.49	-	-	17.55	10.39
Total	5,461.34	453.28	229.56	5,685.06	553.93	22.09	-	1,454.93	4,230.13

B Capital work-in-progress

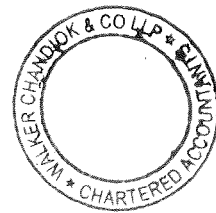
Particulars	As at 31 March 2021	As at 31 March 2020
As at the beginning of the year	682.55	691.06
Additions	151.26	72.30
Transfers to property, plant and equipment	682.32	80.81
At the end of the year	151.49	682.55

Note:

(i) The Company has deposited the title deeds of Land and Building situated at Land Plot No.- 22, Phase-II, Sector-5, Growth Center, Bawal, Haryana for long-term loans.

(ii) For details regarding contractual commitments for acquisition of property, plant and equipment - refer note 32.

* During the year ended 31 March 2021, the Company has leased out its land and building to Kapros Engineering Industries Limited only for the purpose of earning rental incomes. Therefore, as at reporting date, the Company earns rental income from land and building, hence as per Ind AS 40 - "Investment Property", land and building has been classified as investment property.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

C Investment properties

The notes set out the disclosure relating to investment property as per the requirement of Ind AS 40 "Investment Property"

Particulars	Land	Building	Total
Gross carrying value			
As at 31 March 2019	-	-	-
Additions	-	-	-
Deletions	-	-	-
Gross carrying value as at 31 March 2020	-	-	-
Additions	-	-	-
Deletions	-	-	-
Transferred from property, plant and equipment	682.38	847.93	1,530.31
Gross carrying value as at 31 March 2021	682.38	847.93	1,530.31
Accumulated depreciation			
As at 31 March 2019	-	-	-
For the year	-	-	-
Deletions	-	-	-
Accumulated depreciation as at 31 March 2020	-	-	-
For the year	-	-	-
Deletions	-	-	-
Transferred from property, plant and equipment	-	112.68	112.68
Accumulated depreciation as at 31 March 2021	-	112.68	112.68
Net carrying value			
As at 31 March 2020	-	-	-
As at 31 March 2021	682.38	735.25	1,417.63

(i) Amount recognized in profit or loss for investment property

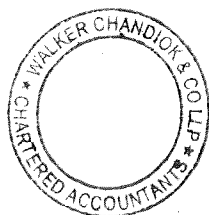
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rental income from Investment property	86.10	-
Direct operating expenses	8.06	-
Profit from investment property before depreciation	78.04	-
Depreciation during the year	27.60	-
Profit/(loss) from investment property	50.44	-

(ii) Fair Value

Particulars	As at March 31, 2021	As at March 31, 2020
Investment property	2,203.21	-

Estimation of Fair Value

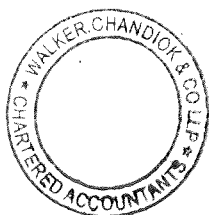
Fair value of Investment property is based on market approach. While applying the market approach, consideration has been given to circle rates issued by relevant regulatory authorities. With respect to the investment property at the beginning of current year, there is no change in circle rate from previous year.



Rico Jinfei Wheels Limited
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
 (All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
6 Loans		
Unsecured, considered good		
Non-current		
Security deposits	6.23	6.23
	6.23	6.23
Current		
Security deposits	490.00	490.00
Loans to employee	6.32	0.39
	496.32	490.39
7 Other assets		
Non-current		
Capital advances	76.37	10.26
Prepaid expenses	1.10	1.19
Amount paid under protest	4.74	-
	82.21	11.45
Current		
Advances to suppliers	1,008.80	678.49
Balances with government authorities	-	0.83
Prepaid expenses	15.48	12.70
	1,024.28	692.02
8 Inventories		
(valued at lower of cost or net realisable value)		
Raw material and components	463.52	107.45
Work-in-progress	428.88	213.55
Finished goods	103.64	27.61
Goods-in-transit	130.55	79.71
Stores and spares	105.80	79.55
	1,232.39	507.87
9 Trade receivables		
Unsecured, considered good	3,324.99	1,165.76
	3,324.99	1,165.76
10 Cash and cash equivalents		
Cash on hand	0.86	0.78
Balances with banks		
In current accounts	2.97	2.27
	3.83	3.05
11 Other current financial assets		
Insurance claim receivable	1.00	-
Other receivables	8.37	-
	9.37	-

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Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	As at		As at	
	March 31, 2021		March 31, 2020	
12 Equity share capital				
a) Authorised				
73,000,000 equity shares of ₹ 10/- each			7,300	7,300
(March 31, 2020: 73,000,000 equity shares of ₹ 10/- each)				
b) Issued, subscribed and paid-up				
47,500,000 equity shares of ₹ 10/- each fully paid up			4,750	4,750
(March 31, 2020: 47,500,000 equity shares of ₹ 10/- each)				
c) Reconciliation of number of equity shares outstanding				
	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	4,750.00	47,500,000	3,800.00	38,000,000
Issued during the year	-	-	950.00	9,500,000
Outstanding at the end of the year	<u>4,750.00</u>	<u>47,500,000.00</u>	<u>4,750.00</u>	<u>47,500,000.00</u>

d) Description of the rights, preferences and restrictions attached to each class of shares

The Company has only one class of equity shares having a face value of ₹ 10 per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

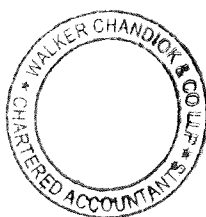
e) Details of shareholders holding more than 5% equity shares in the Company

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	% of holding	No of shares	% of holding	No of shares
RICO Investments limited (immediate holding Company)	74.79%	35,525,000	74.79%	35,525,000
Rico Fluidtronics Limited	20.00%	9,500,000	20.00%	9,500,000
Zhejiang jinfei Kaida Wheel Company Limited	5.21%	2,475,000	5.21%	2,475,000
	<u>100%</u>	<u>47,500,000</u>	<u>100%</u>	<u>47,500,000</u>

The above information is furnished as per the shareholders register as on March 31, 2021

f) The Company has not issued bonus shares, equity shares issued for considerations other than cash and also no shares has been bought back during the period of five years immediately preceding the reporting period.

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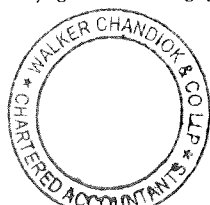


Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
13 Other equity		
Retained earnings	(4,232.37)	(4,448.70)
	(4,232.37)	(4,448.70)
Retained earnings		
Opening balance	(4,448.70)	(4,505.53)
Add: Profit transferred from statement of profit and loss	208.06	62.26
Less: Other comprehensive income (net of taxes)	8.27	(5.43)
Closing balance	(4,232.37)	(4,448.70)
Retained earnings		
Retained earnings are the accumulated losses earned by the Company till date, as adjusted for distribution to owners.		
14 Borrowings		
Non-current		
Secured loan (A)		
Term loan from financial institution and banks (refer A1, A2, A3 and A4 below)	2,416.68	1,230.25
Vehicle loans from financial institution (refer A5 below)	34.50	22.22
Unsecured loan (B)		
Borrowings from related parties (refer B below)	3,770.35	4,481.59
	6,221.53	5,734.06
Less: Current maturities of long-term borrowings	(1,690.39)	(1,058.56)
	4,531.14	4,675.50
Current		
Secured (C)		
Working capital loans from banks (refer note C)		
Rupee loans	812.26	46.55
Unsecured Loan (D)		
Working capital loans from Financial institution		
Rupee loans (refer note D)	996.72	665.30
	1,808.98	711.85
A Security details and terms of repayment- non-current secured loans		
A1 Rupee term loan from Bajaj Finance Limited carries interest @ 8.90% to 9.05% per annum (previous year 8.90% to 9.40% per annum) and is repayable in 22 equal quarterly instalments starting March 2020. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Center, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Ltd.	872.98	977.27
A2 Rupee term loan from Bajaj Finance Limited carries interest @ 9.00% per annum and is repayable in 60 equal monthly instalments after moratorium of 12 months starting December 2021. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Center, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Ltd.	1,000.00	-
A3 Rupee term loan from RBL bank limited carries interest @ 8.65% to 9.25% per annum (previous year 9.05% to 9.70% per annum) and is repayable in 16 equal quarterly instalments starting October 2019. The term loan is secured by first pari passu charge (unless specifically charged) over entire property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Center, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Ltd.	180.70	252.98
A4 Rupee working capital term loan (ECLGS) from Bajaj Finance Limited carries interest @ 9.00% per annum and is repayable in 36 monthly instalments after moratorium of 12 months starting November 2021. The facility is secured by second pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future, second pari passu charge on mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Center, Bawal, Haryana.	363.00	-
A5 Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 47-60 carrying interest @ 8.00% to 8.50% per annum (Previous year 8.00% to 8.15% per annum).	34.50	22.22
B) Unsecured loan		
Rico Auto Industries Limited - (Ultimate holding company)	3,770.35	4,481.59
As per the agreement, the term loan is for 10 year with a moratorium period of 6 year. Rico Auto Industries Limited is charging effective interest @ 10.00% (previous year @ 10.50%) p.a., loan is payable in equal 16 quarterly instalment starting from June 30, 2020.		
C) Security details of working capital loan		
Working capital loans from RBL bank Limited is secured against first pari passu charge over entire current assets of the Company, present and future and second pari passu charge (unless specifically charged) over entire fixed assets of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land and building of the Company situated at Plot No.22, sector 5, Phase II, Growth Centre, Bawal, Haryana, further also secured by Letter of Comfort from Rico Auto Industries Limited, loan carrying interest rate ranging from 8.55% to 9.80% per annum (previous year 9.30% to 9.75%).	812.26	46.54
D) Unsecured working capital loan		
Working capital loans / facilities from Bajaj Finance Limited is against triparty agreement between Bajaj Auto Limited, Bajaj Finance Limited and the Company. The loan is secured by Letter of Comfort from Rico Auto Industries Limited, loan carrying interest rate ranging from 8.50% to 9.60% per annum (previous year 8.65% to 9.10% per annum)	996.72	665.30

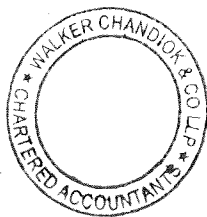


Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	As at 31-Mar-21	As at 31-Mar-20
15 Provisions		
Non current		
Provision for gratuity (refer note 34)	56.52	53.02
Provision for compensated absences	29.32	21.83
	85.84	74.85
Current		
Provision for gratuity (refer note 34)	0.85	5.74
Provision for compensated absences	12.62	11.44
	13.47	17.18
16 Other liabilities		
Non current		
Security deposits	11.21	10.84
	11.21	10.84
Current		
Statutory liabilities	355.89	104.54
	355.89	104.54
17 Trade payables		
Payable to micro enterprises and small enterprises	1,275.56	519.82
Other payables	1,511.67	745.34
	2,787.23	1,265.16
18 Other financial liabilities		
Current maturities of long term borrowings	1,690.39	1,058.56
Interest accrued but not due on borrowings	106.90	11.28
Capital creditors	67.81	102.57
Security deposits	11.31	11.31
Employee benefits payable	77.05	37.40
	1,953.46	1,221.12

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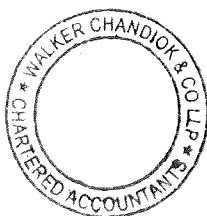
Rico Jinfei Wheels Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
 (All amounts are in ₹ lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
19 Revenue from operations		
Sale of products	14,760.08	11,806.65
Sale of service (job work income)	21.97	4.33
Other operating revenues		
Scrap sales	90.56	63.63
	14,872.61	11,874.61
20 Other income		
Interest income on financial assets measured at amortised cost	1.06	-
Rental income	86.10	83.79
Miscellaneous income	13.67	14.45
	100.83	98.24
21 Cost of materials consumed		
Raw material and components		
Opening stock	107.45	178.32
Add: Purchases during the year	10,097.45	7,058.42
Less: Closing stock	(463.52)	(107.45)
Raw material and components consumed	9,741.38	7,129.29
22 Changes in inventories of finished goods and work in progress		
(a) Work-in-progress		
Opening stock	213.55	247.46
Closing stock	428.88	213.55
	(215.33)	33.91
(b) Finished goods		
Opening stock	27.61	10.07
Closing stock	103.64	27.61
	(76.03)	(17.54)
	(291.36)	16.37
23 Other manufacturing expenses		
Power and fuel	1,047.54	929.62
Sub contracting expenses	972.02	625.97
Consumption of stores and spares	598.16	446.06
Machinery hire charges	17.59	16.80
	2,635.31	2,018.45
24 Employee benefits expense		
Salaries, wages and bonus	562.02	618.67
Contribution to provident and other funds	59.30	73.14
Staff welfare expenses	69.03	61.72
	690.35	753.53
25 Finance costs		
Interest expense	688.76	772.30
Other borrowing costs	6.66	4.98
	695.42	777.28
26 Other expenses		
Rent	305.14	188.36
Repairs:		
- buildings	8.06	13.50
- machinery	71.46	52.57
- others	11.73	11.71
Insurance	18.29	16.07
Rates and taxes	3.87	2.82
Traveling and conveyance	7.06	14.19
Legal and professional*	31.59	17.45
Vehicle running and maintenance expenses	15.79	16.70
Packing and warehousing	137.70	176.61
Exchange loss on foreign currency	2.80	6.75
Line rejection and re-work charges	10.16	10.25
Freight and forwarding	122.22	113.08
Miscellaneous expenses	20.43	21.66
	766.30	661.72
*Includes payment to auditors on account of:		
Statutory audit	5.00	5.00
Out of pocket expenses	0.39	0.46
	5.39	5.46

27 Income tax
A The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in Statement of profit and loss is as follows:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	%	Amount	%
Profit before tax	208.06		62.26	
Income tax using the Company's domestic tax rate	54.10	26%	16.19	26%
Adjustments for unrecognised deferred tax assets	(54.10)	-26%	(16.19)	-26%
Income tax expenses recognised in the statement of profit and loss	-	0.00%	-	0.00%

*Rate of income tax is considered to be 26%, since the total turnover of the Company in the financial year 2017-2018 does not exceed four hundred crore rupees, in accordance with first schedule of Income Tax Act, 1961 as amended by Finance Act, 2020. The Company has not opted for lower tax rate permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019, since the Company has available minimum alternate tax credit.



Rico Jinfei Wheels Limited
 Summary of significant accounting policies and other explanatory information
 (All amounts are in ₹ lakhs, unless otherwise stated)

B Significant components of net deferred tax assets are as follows:

Deferred tax assets in relation to:

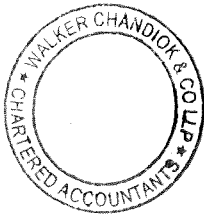
	Opening Balance	Recognised / (reversed) through profit and loss	Recognised / (reversed) through OCI	Closing Balance
For the period ended March 31, 2020				
Deferred tax assets				
Carry forward of losses*	564.63	(13.91)	-	550.72
Minimum alternative tax credit entitlement	30.95	-	-	30.95
Employee benefits	26.55	1.66	-	28.21
	<u>622.13</u>	<u>(12.25)</u>	<u>-</u>	<u>609.88</u>
Deferred tax Liability				
Depreciation	55.81	(12.25)	-	43.56
Others	5.25	-	-	5.25
	<u>61.06</u>	<u>(12.25)</u>	<u>-</u>	<u>48.81</u>
Net Deferred tax Assets	<u>561.07</u>	<u>-</u>	<u>-</u>	<u>561.07</u>
For the period ended March 31, 2021				
Deferred tax assets				
Carry forward of losses*	550.72	-	-	550.72
Minimum alternative tax credit entitlement	30.95	-	-	30.95
Employee benefits	28.21	-	-	28.21
	<u>609.88</u>	<u>-</u>	<u>-</u>	<u>609.88</u>
Deferred tax Liability				
Depreciation	43.56	-	-	43.56
Others	5.25	-	-	5.25
	<u>48.81</u>	<u>-</u>	<u>-</u>	<u>48.81</u>
Net Deferred tax Assets	<u>561.07</u>	<u>-</u>	<u>-</u>	<u>561.07</u>

*Deferred tax asset has been created only to the extent of availability of reasonably certain future taxable profits.

28 Earnings per share

Profit after tax (A)(₹)	208.06	62.26
Weighted average number of equity shares (basic/diluted) (B)	475.00	389.08
Nominal value of equity share (₹)	10.00	10.00
Earnings per share - basic/diluted (A/B) (₹)	<u>0.44</u>	<u>0.16</u>

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Rico Jinfel Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

29 Financial Instruments

A Financial Instruments by Category

The carrying amounts and fair values of financial instruments by category are as follows:

	As at March 31, 2021 Amortised Cost*	As at March 31, 2020 Amortised Cost*
Financial assets		
Non Current		
Loans	6.23	6.23
Current		
Trade receivables	3,324.99	1,165.76
Cash and cash equivalents	3.83	3.05
Loans	496.32	490.39
Other financial assets	9.37	-
	3,840.74	1,665.43
Financial liabilities		
Non Current		
Borrowings (excluding current maturities)	4,531.14	4,675.50
Current		
Borrowings	1,808.98	711.85
Trade payables	2,787.23	1,265.16
Other financial liabilities	1,953.46	1,221.12
	11,080.81	7,873.63

*The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value.

B Fair value hierarchy

The categories used are as follows:

Level 1: Quoted price in active market.

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Company.

Note: There are no assets in the company as at March 31, 2021 and March 31, 2020 which are measured at fair value through profit and loss or fair value through other comprehensive income (in any of the above mentioned hierarchy levels).

30 Capital management

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity. The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total equity. The Company's policy is to keep an optimum gearing ratio. The Company includes within debt, interest bearing loans and borrowings.

A Net debt divided by total equity

Particulars	As at March 31, 2021	As at March 31, 2020
Total debts*	8,030.51	6,445.91
Total equity#	517.63	301.30
Debt equity ratio	15.51	21.39

* includes short term and long term borrowings with current maturities

includes equity share capital and other equity

Note: The Company is in compliant with all the loan covenants on all the borrowings outstanding as on the financial statements date.

31 Financial risk management

31A Market risk:

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks namely currency risk and interest rate risk. The objective of the market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return.

a) Foreign currency risk:

The Company's does not have significant exposure in regard to foreign currencies. The only exposure in relation to the same is mentioned below, this exposure is mainly on account of import(of raw material and capital items).

(i) Particulars of unhedged foreign currency exposure as at the reporting date

The company exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

	As at March 31, 2021		As at March 31, 2020	
	Foreign currency	(In Rs.)	Foreign currency	(In Rs.)
Advance to supplier (USD)	1.19	87.14	-	-
Advance to supplier (EURO)	0.06	5.34	-	-
(Net Payable)/ Receivable	1.25	92.48	-	-
Impact on profit and loss account on account of change in currency	-	-	-	-
Sensitivity to increase of 1%	0.01	0.92	-	-
Sensitivity to decrease of 1%	(0.01)	(0.92)	-	-

b) Interest rate risk:

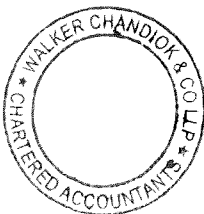
The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	4,260.16	1,964.31

A reasonable change of 0.50% in interest rates at reporting date would have affected the profit and loss shown below:

Variable rate borrowings

	Year ended March 31, 2021	Year ended March 31, 2020
Interest rate increase by 0.5%	21.30	9.82
Interest rate decrease by 0.5%	(21.30)	(9.82)



Rico Jinfel Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

31B Credit Risk :

Credit risk refers to the risk of default on its obligation by the customer/counter party resulting in a financial loss. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarised below:

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	3.83	3.05
Trade receivables	3,324.99	1,165.76
Loans	502.55	496.62
Other financial assets	9.37	-

Cash and cash equivalents and bank balances

Credit risk relating to cash and cash equivalents and restricted cash is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an on-going basis.

Trade receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. In Accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 and March 31, 2020 is insignificant. Top two customers for the year ended March 31, 2021 constitutes 99.67% of net trade receivables (March 31, 2020: 86.44%).

Loans and other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to related parties and employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Given below is the ageing of trade receivable and loans:

A Trade receivables

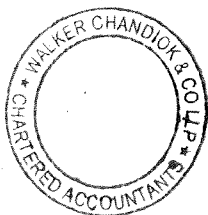
Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding for more than six months	-	-
Others	3,324.99	1,165.76
	<u>3,324.99</u>	<u>1,165.76</u>

31C Liquidity risk:

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the Company. The Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

The below tables summarise the maturity profile of the Company's financial assets and financial liabilities:

	Less than 1 year	1 - 3 years	More than 3 years	Total
As at March 31, 2021				
Borrowings (including short term and current maturities)	4,019.06	4,134.86	1,038.39	9,192.31
Interest accrued but not due on borrowings	106.90	-	-	106.90
Trade payables	2,787.24	-	-	2,787.24
Capital creditors	67.81	-	-	67.81
Employee benefits payable	77.05	-	-	77.05
Security deposits	11.31	-	-	11.31
	<u>7,069.37</u>	<u>4,134.86</u>	<u>1,038.39</u>	<u>12,242.62</u>
As at March 31, 2020				
Borrowings (including short term and current maturities)	2,333.87	3,629.13	2,209.31	8,172.31
Interest accrued but not due on borrowings	11.28	-	-	11.28
Trade payables	1,265.16	-	-	1,265.16
Capital creditors	102.57	-	-	102.57
Employee benefits payable	37.40	-	-	37.40
Security deposits	11.31	-	-	11.31
	<u>3,761.59</u>	<u>3,629.13</u>	<u>2,209.31</u>	<u>9,600.03</u>



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

1. CORPORATE INFORMATION

Rico Jinfei Wheels Limited ("the Company") was incorporated in July 16, 2007 as an unlisted public company under the Companies Act 1956, having registered office at 38 K.M. Stone, Delhi-Jaipur Highway, Village Khandsa, Gurgaon, Haryana-122001 and conducting its main activity through its Plant at 397, Sector 8, IMT Manesar, Haryana.

The main business of Company is to carry on business of designing, engineering, manufacturing, assembling, buying, selling, exporting, importing and dealing in wholesale & retail in wheels of all descriptions.

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification, which would have been applicable from April 01, 2021.

3. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation and measurement

i) Compliance with Ind AS

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services. All assets and liabilities have been classified as current or non-current according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities. The principal accounting policies are set out below.

ii) Functional and presentation currency:

These financials are presented in Indian Rupees (INR), which is also the Company's functional currency.

iii) Going concern and Basis measurement

The financial statements have been prepared on going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities, defined benefit plans that are measured at fair values at the end of each reporting period.

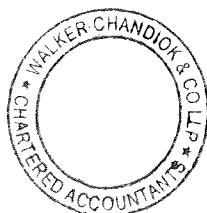
All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Companies Act, 2013.

3.2 Significant accounting policies

i) Revenue recognition

In accordance with Ind AS 115, Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The following is a summary of significant accounting policies related to revenue recognition.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

Sale of goods

Revenue is recognized upon transfer of control of promised goods to customers in an amount that reflects the consideration expected to receive in exchange for those goods. The arrangements with the customers generally creates single performance obligation, which is satisfied at a point of time, when the obligation is discharged i.e. on sale of goods.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties.

Expected sales returns, volume and cash discounts are accounted as reduction of revenue basis the estimate of customers' future purchases / customers' future sales to downstream customers in the value-chain. Any changes in the estimated amount of obligations for discounts/incentives are recognized prospectively in the period in which the change occurs.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental Income

Rental income arising from properties given under operating leases is recognized over the lease term for which the property is given on rent as per the rent agreement and is shown in other income under revenue in the statement of profit or loss.

ii) **Property, plant and equipment and capital work in progress**

Freehold land is stated at cost and all other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of property, plant and equipment is allocated/capitalized with the related property, plant and equipment. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Capital work-in-progress represents assets under construction and is carried at cost.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

iii) **Investment Property**

Investment property is property held either to earn rentals or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost included related transaction costs and where applicable, borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognised.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

Investment properties are depreciated using the straight-line method over the useful lives as mentioned in Part C of Schedule II of the Act.

iv) Depreciation and amortisation

Depreciation on building and plant and equipment is provided on the straight-line method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II. However, for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years

Depreciation on other fixed assets is provided on written down value method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II.

Dies are valued at cost less amortisation based on useful life of the items ascertained on a technical estimate by the management.

Depreciation on fixed assets acquired/ disposed off during the year is recorded on a pro-rata basis with reference to the date of acquisition/ disposal.

Asset	Estimated useful life
Plant & Machinery	5-20
Building	30-60
Furniture & Fixtures	10
Office equipment	5
Vehicles	8

v) Fair value measurement

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.

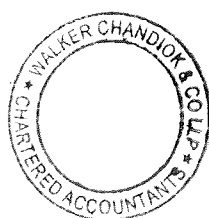
Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

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 or each case.

vi) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period, the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments, which are not held for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

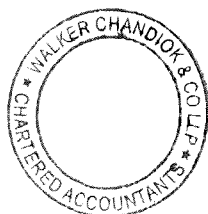
De-recognition of financial assets

A financial asset is primarily de-recognised 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.

Investments in equity instruments of subsidiaries and joint ventures - Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are measured at amortised cost using the effective interest method.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

De-recognition of financial liabilities

A financial liability is de-recognised 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 de-recognition 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.

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.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

vii) Inventories:

Inventories are valued as follows:

a. Raw materials and loose tools

Lower of cost or net realizable value. 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. Cost is determined on a weighted average basis.

b. Work in progress

Work in progress is valued at cost up to stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity and actual stage of production.

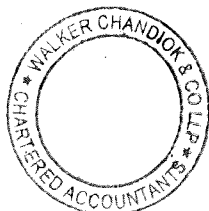
c. Finished goods

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and cost necessary to make the sale.

viii) Employee benefits:

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company. The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated and can be availed in future. The Company has three post-employment benefit plans in operation viz. Gratuity, Provident Fund and Employee State Insurance scheme.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

a. Provident fund and Employee State Insurance scheme

Provident Fund benefit and Employee State Insurance benefit are defined contribution plans under which the Company pays fixed contributions into funds established under Employee Provident Fund and Miscellaneous Provision Act, 1952 and Employee State Insurance Act, 1948 respectively. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short-term nature.

b. Gratuity

The Company provides for gratuity a defined benefit plan, which define an amount of benefit that an employee will receive on retirement, as usually dependent on one or more factors such as age, years of service and remuneration. The legal obligation for any benefit from this kind of plan remain with the Company, even if plans assets funding the defined benefit plan have been acquired. The liability recognised in the balance sheet for defined benefit plans is the present value of defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuarial using the projected unit credit method. All actuarial gains or losses are recorded through the statement of the other comprehensive income.

c. Compensated absences

The Company also provides benefit of compensated absences to its employees, which are in the nature of long-term benefit plan. The compensated absences comprise of vesting as well as non-vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

ix) Borrowings costs:

Borrowing costs directly attributable to acquisition, construction or erection of qualifying assets are capitalised. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

Other borrowing costs are recognised as an expense in the statement of profit and loss in the year in which they are incurred.

x) Foreign currency transactions:

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent recognition

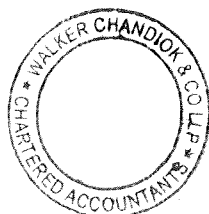
Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

Exchange differences arising on long term foreign currency monetary items outstanding as of March 31, 2017 in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets and depreciated over the remaining life of the underlying asset.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

Exchange difference arising on long-term foreign currency monetary items not related to the acquisition of depreciable capital assets are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised through the statement of profit and loss over the remaining term of the loan.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

xi) Taxes

Tax expense recognised in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognised in other comprehensive income or directly in equity.

Current tax is the amount of tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss (either in other comprehensive income or in equity).

The current tax is calculated using the tax rate that have been enacted or subsequently enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes.

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 statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

xii) Cash flow statement

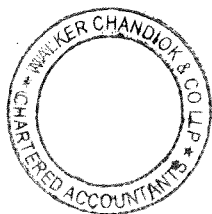
Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated

xiii) Leases

Company as a lessee

The Company has adopted Ind AS 116-Leases effective April 1, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, previous period information has not been restated.

The Company's lease asset consist of lease for building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset, (2) the Company has substantially all of the economic benefits from the At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the Right of Use (ROU) the underlying asset during the lease term (i.e., the right-of-use asset).



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. For leases under which the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the date of commencement of the lease in determining the present value of lease payments. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment as to whether it will exercise an extension or a termination option.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

xiv) Provisions and contingencies

The Company creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

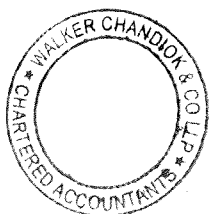
xiv) Earnings per share

Basic earnings per share is calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

xv) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2021

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

xvi) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above.

xvii) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirements of Schedule III of the Act unless otherwise stated.

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- provision and contingent liabilities;
- carrying values of inventories; and
- Recognition of deferred tax assets.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

32. Contingent liabilities, commitments and other claims

Contingent liabilities and other claims:

Particulars	As at March 31, 2021	As at March 31, 2020
a) Demand against the Company not acknowledged as liability		
The Central Goods and Services Tax Act, 2017	4.74	-

Commitments:

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on account of Capital commitments [net of advance ₹ 76.37 lakhs/- previous year (₹ 10.26 lakhs)]	140.32	23.24

33. Dues to micro and small enterprises

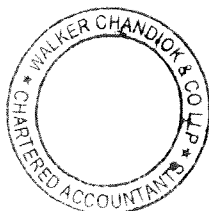
Particulars	As at March 31, 2021		As at March 31, 2020	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	1,275.56	0.34	519.82	2.53
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	0.34	-	2.53
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-	-	-

34. Employment benefits

A. Defined contribution plan

Provident fund and other funds:

Particulars	As at March 31, 2021	As at March 31, 2020
Employer's contribution to provident fund	35.32	37.82
Employer's contribution to ESI	2.42	3.16



Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021****(All amounts are in ₹ lakhs, unless otherwise stated)****B. Defined benefit plan****Gratuity**

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year. The obligation for defined benefit plan remains with the Company.

The following table sets out the funded status and the amount recognised in the Company's financial statements.

B1 Change in defined benefit obligation

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Present value of obligation as at beginning of the year	58.76	55.85
Current service cost *	8.57	12.67
Interest cost	3.88	4.31
Benefits paid	(5.57)	(19.5)
Actuarial loss	(8.27)	5.43
Present value of obligation as at end of the year	57.37	58.76

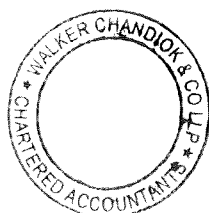
* Included in employee benefits expense.

B2 The amounts to be recognised in Balance Sheet

	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the end of the year	57.37	58.76
Net liability recognised in Balance Sheet		
- Non-current	56.52	53.02
- Current	0.85	5.74

B3 Expense recognised during the year

	Year ended March 31, 2021	Year ended March 31, 2020
In profit and loss		
Current service cost	8.57	12.67
Interest cost (net of income)	3.88	4.31
Net cost	12.45	16.98
In other comprehensive income		
-- Change in financial assumptions	(8.18)	0.81
-- experience variance (i.e. Actual experience vs assumptions)	(0.09)	4.61
Net cost	4.18	22.40



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

B.4 Actuarial assumptions:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	6.75%	6.60%
Rate of increase in compensation levels	5.50%	7.00%
Mortality rate (% of IALM 06-08)	100%	100%
Retirement age (years)	58	58
Attrition/Withdrawal rates, based on age (per annum)		
Upto 30 years	7.40%	3.00%
31 to 40 years	2.80%	2.00%
41 to 50 years	0.52%	1.00%
Above 50 years	0.22%	1.00%

B.5 Sensitivity analysis for gratuity liability

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	54.59	60.37	56.86	60.77
Impact of change in salary (+/- 0.5%)	60.39	54.55	60.77	56.84
Impact of change in attrition rate (+/- 5%)	57.50	57.21	57.61	60.18
Mortality Rate (- / + 10% of mortality rates)	57.40	57.34	58.76	58.76

B.6 History of defined benefit obligations and experience (gains) and losses

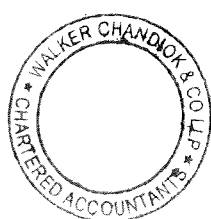
S. No.	Particulars	Year ended				
		March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
1.	Defined benefit obligation at the end of the period	43.02	52.16	55.85	58.76	57.37
2.	Experience loss/(gain) adjustment	(4.76)	1.79	2.15	4.61	(0.08)

B.7 Expected Contribution during the next annual reporting period

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
The Company's best estimate of Contribution during the next year	-	-

B.8 Maturity Profile of Defined Benefit Obligation

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average duration (based on discounted cashflows)	10 Years	7 Years



Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

(All amounts are in ₹ lakhs, unless otherwise stated)

Expected cash flows over the next (valued on undiscounted basis):	As at March 31, 2021	As at March 31, 2020
1 year	0.85	5.74
2 to 5 years	16.24	29.61
6 to 10 years	31.78	29.86
More than 10 years	84.32	34.13

C. Other long-term benefit plans

Other long-term benefit plans represent the compensated absences provided to the employees of the Company.

35. Leases

The table below shows the reconciliation of operating lease commitments previously disclosed under Ind AS 17 and lease liabilities initially recognised under Ind AS 116:

Particulars	Amount
Total operating lease commitments disclosed at 31 March 2020	125.57
Less: Leases with remaining lease term of less than 12 months	125.57
Total lease liabilities recognised under Ind AS 116 at April 01, 2020	-

The Company has entered into short-term lease arrangement for factory building that is renewable on a periodic basis with approval of both lessor and lessee. The Company does not have any long-term operating lease or finance lease arrangement, hence no right of use asset and lease liability have been recognised during the year.

The Company has incurred ₹ 305.14 lakhs for the year ending March 31, 2021 towards expense relating to short-term lease (March 31, 2020 ₹ 188.36 lakhs). As at March 31, 2021, the Company has committed short-term lease amounting to ₹ 168.40 lakhs.

Total cash outflow pertaining to leases during the year ended March 31, 2021 is ₹ 305.14 lakhs, the same pertains to short-term leases only.

Lease income recognized during the current year ₹ 86.10 lakhs (previous year ₹ 83.79 lakhs)

36. Related party disclosures:**I Related parties:****i. Holding company**

- Rico Investments Limited (immediate holding company)
- Rico Auto Industries Limited (ultimate holding company)

ii. Fellow subsidiaries

- Rasa Autocom Limited
- Rico Aluminium and Ferrous Auto components Limited

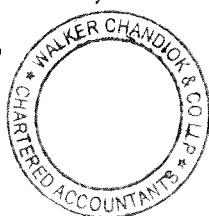
iii. Parties where significant influence is exercised by key management personnel and/or his relatives

- Rico Castings Limited
- Kapbros Engineering Industries Limited
- Mirah Belle Naturals and Apothecary Private Limited

iv. Key management personnel

- Shri Om Prakash Aggarwal, Director
- Rakesh Kapur, Managing Director (passed away on December 30, 2019)
- Smt. Upasna Kapur, Whole Time Director
- Shri Samarth Kapur, Whole Time Director
- Shri Rakesh Kumar, Chief Financial Officer*
- Shri Heera Lal, Company Secretary*

* as per Companies Act, 2013



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

(All amounts are in ₹ lakhs, unless otherwise stated)

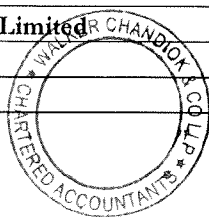
II Transactions with related parties#

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A	Rico Auto Industries Limited		
	Raw material purchased	138.09	253.24
	Finished goods sold	564.70	449.46
	Sale of plant and machinery	-	25.28
	Reimbursement of expenses	9.21	7.45
	Job work income	-	4.63
	Recovery of expenses	3.43	-
	Loan repaid during the year	711.24	950.00
	Interest expense	412.89	526.91
B	Rico Castings Limited		
	Job work expenses	19.06	74.44
	Reimbursement of Jointly shared Power CNG & others	1,064.52	906.73
	Recovery of expenses	12.81	7.28
	Rent expense	360.06	222.26
C	Rasa Autocom Limited		
	Raw material purchased	10.92	1.49
	Finished goods sold	0.78	1.59
	Job work income	-	2.39
D	Rico Aluminium and Ferrous Auto Components Limited		
	Raw material sold	0.01	0.02
	Purchase of plant and machinery	9.25	0.24
	Sale of plant and machinery	13.46	-
E	Kapros Engineering Industries Limited		
	Recovery of expenses	2.91	13.44
	Rent received	98.12	96.66
E	Rico Fluidtronics Limited		
	Issue of equity shares	-	950.00
F	Mirah Belle Naturals and Apothecary Private Limited		
	Raw material purchased	1.80	-
F	Key management personnel compensation		
	Shri Rakesh Kapur	-	58.84
	Smt. Upasna Kapur	53.85	33.31
	Shri Samarth Kapur	34.01	36.55
	Shri Rakesh Kumar	17.91	18.53
	Shri Heera Lal	5.96	5.73

Including goods and services tax

III Balances with related parties

	Particulars	As at March 31, 2021	As at March 31, 2020
A	Rico Auto Industries Limited		
	Borrowings*	3,770.35	4,481.59
	Trade receivables	6.72	136.65



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021
(All amounts are in ₹ lakhs, unless otherwise stated)

	Particulars	As at March 31, 2021	As at March 31, 2020
B	Rico Castings Limited		
	Advance recoverable (towards power, CNG and others)	899.66	678.31
	Security deposit	490.00	490.00
C	Rasa Autocom Limited		
	Trade receivables	-	-
D	Kapbros Engineering Industries Limited		
	Trade receivables	4.24	22.21
E	Rico Aluminium and Ferrous auto Components Limited		
	Trade payables	0.25	0.42

* Rico Auto Industries Limited has given a letter of comfort for the working capital borrowings by the Company.

The Company has obtained support letter from its ultimate holding company, Rico Auto Industries Limited.

37. The business activity of the Company predominantly falls within a single reportable business segment. There are no separate reportable business segments further the operations of the Company are limited within one geographical segment.

38. Revenue

Following are the disclosures with respect to revenue from operations in accordance with Ind AS 115 –

a. Disaggregated revenue information

The Company's revenue disaggregated by product and services offered is as follows:

Types of goods or services	For the year ended March 31, 2021	For the year ended March 31, 2020
Wheels	14,760.08	11,806.65
Scrap	90.56	63.63
Job work income	21.97	4.33
Total revenue from contracts with customers	14,872.61	11,874.61

b. Contract balances

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables (contract asset)	3,324.99	1,165.76
Contract liabilities	-	-

39. Reconciliation of liabilities from financing activities

Ind AS 7 Statement of cash flows, requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The said disclosures do not have material impact, also all relevant details are there in Cash Flow Statement hence these are not disclosed separately.

40. The Company has accumulated losses of ₹ 4,232.37 lakhs as at March 31, 2021 (previous year ₹ 4,448.70 lakhs), which has significantly eroded the net worth of the Company as at March 31, 2021. Based on financial projections, new customer contract, revised and detailed business strategies, the Company expects growth in its operations and improved operating performance in coming years and also expects to earn enhanced cash inflows from its operating activities. In view of the same, the management of the Company expects to generate sufficient cash flows in the near future. Further, the parent, Rico Auto Industries Limited, has provided a financial support letter to the Company. Accordingly, these financial statements are prepared on a going concern basis.



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

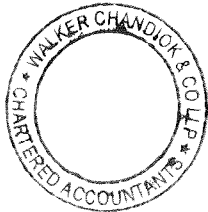
(All amounts are in ₹ lakhs, unless otherwise stated)

41. The spread of COVID-19 has affected the business operations post the national lock down. The Company has taken various measures in consonance with Central and State Government advisories to contain the pandemic, which included closing of manufacturing facilities. Post lifting of the lock down, the Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company has also performed sensitivity analysis on the assumptions used and does not foresee any significant incremental risk to the recoverability of its assets. In pursuant to the relaxed guidelines, the Company has now resumed its operations. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of these financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.
43. Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

For Walker Chandiook & Co LLP
Firm Registration No.: 001076N/N500013
Chartered Accountants

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273



For and on behalf of Board of Directors
Rico Jinfei Wheels Limited

Om Prakash Aggarwal

Om Prakash Aggarwal
Director
DIN: 01537211

Rakesh Kumar

Rakesh Kumar
Chief Financial Officer

Samarth Kapur

Samarth Kapur
Whole Time Director
DIN: 01525517

Heera Lal

Heera Lal
Company Secretary

Place: New Delhi
Date: June 18, 2021

Place: Gurugram
Date: June 18, 2021

Sany