



RICO AUTO INDUSTRIES LIMITED

FINANCIALS OF SUBSIDIARY COMPANIES FOR THE FY 2019-20

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary	% of Shares Held
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) Ltd. Unit 1, Lewis House, 99 Victoria Road, London - NW106DJ, UK	Foreign Company Registration No.: 04975219 (England and Wales)	Subsidiary	100%
5.	Rico Fluidtronics Limited (Formerly Magna Rico Powertrain Private Limited) 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U29110HR2008PLC037708	Subsidiary	50.95%
6.	Rasa Autocom Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U74120HR2007PLC037192	Step-down Subsidiary	100%
7.	Rico Aluminium and Ferrous Auto Components Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U34300HR2008PLC037956	Step-down Subsidiary	100%
8.	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, 2020, 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, 2020, 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. Other information comprises the report of the Board of Directors, including the Annexure to the Boards 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.

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.

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 Director 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 Director 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 Central 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 over financial reporting of the Company and the operating effectiveness of such controls, 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 does not have any pending litigations which would impact its financial position.
 - 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: 16th June 2020

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)
 - 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. However the company was not carrying any Fixed Assets at the end of the reporting period..
 - c) As explained to us and on the basis of 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) The company is not having any inventory, hence paragraph 3(ii) of the order is not applicable.
- iii) The Company has granted loans to two 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 has not fallen due and the receipts of Interest are regular except for the Interest due for the quarter ended 31st December 2019 which was received late,but was not overdue for more than 90 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.

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, 2020 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 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

Place: Gurugram
Date: 16th June 2020

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 over financial reporting of **Rico Investments Limited** ("the Company") as of 31 March 2020 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 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, anadequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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)

Nalin Kumar Budhraj
Partner
Membership No.: 084310

Date: 16th June 2020

Place: Gurugram

RICO INVESTMENTS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2020

(Amount in INR)

	Note No.	31st March 2020 (Rs.)	31st March 2019 (Rs.)
EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	3	1,187,000,000	1,187,000,000
(b) Reserve & Surplus	4	67,901,260	37,954,845
		1,254,901,260	1,224,954,845
(2) NON-CURRENT LIABILITIES			
(a) Long-Term Liabilities	5	-	264,400
(b) Long-Term Provisions	6	284,133	139,827
		284,133	404,227
(3) CURRENT LIABILITIES			
(a) Trade Payables	7	211,006	52,315
(b) Other Current Liabilities	8	691,177	756,899
(c) Short-Term Provisions	6	11,370,170	12,441,689
		12,272,353	13,250,903
Total		1,267,457,746	1,238,609,975
ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property Plant and Equipment			
(i) Tangible Assets	9	-	312,179
(b) Non-Current Investments	10	735,030,000	735,030,000
(c) Deferred Tax Assets (net)	11	75,781	113,022
(d) Long-Term Loans & Advances	12	369,200,000	471,500,000
(e) Other Non Current Assets	13	2,080,857	751,500
		1,106,386,638	1,207,706,701
(2) CURRENT ASSETS			
(a) Cash and Cash Equivalents	14	35,957,931	6,010,112
(b) Other Current Assets	15	125,113,177	24,893,162
		161,071,108	30,903,274
Total		1,267,457,746	1,238,609,975

Summary of significant accounting policies **2.1**

The accompanying notes are an integral part of the Financial Statements. **1-30**

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

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

Nalin Kumar Budhraj
(Partner)
Membership No. 084310

Om Prakash Aggarwal
Managing Director
Din: 01537211

Arvind Kapur
Director
Din: 00096308

Place : Gurugram
Dated : 16th June, 2020

Parveen Garg
Chief Financial Officer

S. Kartik
Company Secretary

RICO INVESTMENTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31ST MARCH, 2020

(Amount in INR)

	Note No.	31st March 2020 (Rs.)	31st March 2019 (Rs.)
INCOME			
Revenue From Operations	16	59,370,274	58,717,503
Other Income	17	32,094	325,531
TOTAL REVENUE	"A"	59,402,368	59,043,034
EXPENSES			
Employee Benefit Expenses	18	3,570,637	4,301,417
Finance Cost	19	885	649
Other expenses	20	1,819,961	1,721,733
Depreciation	9	94,273	194,260
TOTAL EXPENSES	"B"	5,485,756	6,218,059
Profit / (Loss) before exceptional and extraordinary items and tax (A -B)		53,916,612	52,824,975
Less: Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		53,916,612	52,824,975
Less: Extraordinary items		-	-
Profit / (Loss) before tax		53,916,612	52,824,975
Less: Tax expense / (Income) :-			
(a) Current Tax		11,361,100	12,436,200
Less : MAT Credit Entitlement		-	-
Net Current Tax		-	-
(b) Deferred Tax		37,240	864
(c) Previous Year Income Tax		155,086	-
Profit/(Loss) for the Year		42,363,186	40,387,911

Earnings per equity share [nominal value of share Rs. 10]

Earnings per share:-	21		
(a) Basic		0.36	0.34
(b) Diluted		0.36	0.34

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the Financial Statements. 1-30

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 : 16th June, 2020

Parveen Garg

Chief Financial Officer

S. Kartik

Company Secretary

RICO INVESTMENT LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in INR)

Particulars	Notes	31st March, 2020 Rs.	31st March, 2019 Rs.
Cash Flow From Operating Activities			
Net profit/(loss) before tax and extra-ordinary items		53,916,612	52,824,975
Adjustments for:			
Depreciation and Amortisation Expenses		94,273	194,260
Loss / (Profit) on Sale of Assets		(32,094)	(51,537)
Loss / (Profit) on Sale of Investments		-	(273,994)
Operating Profit Before Working Capital Changes		53,978,791	52,693,704
Adjustments for:			
Increase / (Decrease) in Long Term Provisions		144,306	(103,123)
Increase / (Decrease) in Other Long Term Liabilities		(264,400)	-
Increase / (Decrease) in Short Term Provisions		(1,071,519)	7,303,268
Increase / (Decrease) in Other Current Liabilities		(65,722)	(152,072)
Increase / (Decrease) in Trade Payables		158,691	(253,730)
(Increase) / Decrease in Long Term Loans & Advances		10,000,000	-
(Increase) / Decrease in Non Current Assets		(1,329,357)	(751,500)
(Increase) / Decrease in Other Current Assets		(7,920,015)	(8,290,416)
Cash Generated From operations		53,630,775	50,446,131
Income Tax Paid / Refunded		(11,516,185)	(12,436,200)
Cash Flow Before Extraordinary Items		42,114,590	38,009,931
Extraordinary Items		-	-
Net Cash From Operating Activities (A)		42,114,590	38,009,931
Cash Flow From Investing Activities			
Income from Sale of Mutual Funds		-	273,994
Proceeds from Sales of Fixed Assets		250,000	198,436
Net Cash used in Investing Activities (B)		250,000	472,430
Cash Flow From Financing Activities			
Dividend Paid (Including Corporate Dividend Tax)		(12,416,771)	(41,036,598)
Net Cash from Financing Activities (C)		(12,416,771)	(41,036,598)
Net Increase in Cash and Cash Equivalents (A+B+C)		29,947,819	(2,554,237)
Cash and Cash Equivalents (Opening Balance)		6,010,112	8,564,349
Cash and Cash Equivalents (Closing Balance)		35,957,931	6,010,112
Components of cash and cash equivalents			
Cash in Hand		1,355	1,355
Balance with Banks		35,956,576	6,008,757
Total cash and cash equivalents (refer Note 14)		35,957,931	6,010,112

Summary of Significant Accounting Policies 2.1
The accompanying notes are an integral part of the Financial Statements. 1-30

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

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

Nalin Kumar Budhraj
(Partner)
Membership No. 084310

Om Prakash Aggarwal
Managing Director
Din: 01537211

Arvind Kapur
Director
Din: 00096308

Place : Gurugram
Dated : 16th June, 2020

Parveen Garg
Chief Financial Officer

S. Kartik
Company Secretary

RICO INVESTMENTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 2020

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

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.

II. 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 2020

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, 2020

NOTE - 3

SHARE CAPITAL

	<u>31st March 2020</u> Amount (Rs.)	<u>31st March 2019</u> 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

	<u>31st March 2020</u>		<u>31st March 2019</u>	
<u>Equity Shares</u>	<u>Nos.</u>	<u>Amount (Rs.)</u>	<u>Nos.</u>	<u>Amount (Rs.)</u>
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

	<u>31st March 2020</u>		<u>31st March 2019</u>	
	<u>Nos.</u>	<u>Amount (Rs.)</u>	<u>Nos.</u>	<u>Amount (Rs.)</u>
Rico Auto Industries Limited, Holding Company				
Equity shares of Rs 10/- each fully paid up	116,000,000	1,160,000,000	115,000,000	1,150,000,000

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

	<u>31st March 2020</u>		<u>31st March 2019</u>	
<u>Equity Shares of Rs 10 each fully paid up</u>	<u>Nos.</u>	<u>% holding in the class</u>	<u>Nos.</u>	<u>% holding in the class</u>
Rico Auto Industries Limited, (Holding Co.)	116,000,000	97.73%	115,000,000	96.88%

RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2020

NOTE - 4	31st March 2020	31st March 2019
RESERVES & SURPLUS	Amount (Rs.)	Amount (Rs.)
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	20,688,688	29,414,957
Profit / (Loss) for the year	42,363,186	40,387,911
Less : Appropriations :-		
Dividend on equity shares*	11,870,000	23,740,000
Dividend distribution tax*	546,771	4,879,827
Interim dividend on equity shares	-	11,870,000
Interim dividend tax	-	546,771
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	8,472,637	8,077,582
Closing balance (A)	42,162,466	20,688,688
Reserve Fund :		
In terms of Section 45-IC of the Reserve Bank of India Act, 1934		
Opening Balance	17,266,157	9,188,575
Add : Transfer from Surplus	8,472,637	8,077,582
Closing balance (B)	25,738,794	17,266,157
Total (A + B)	67,901,260	37,954,845

*In respect of the year ended March 31, 2020, the directors propose that a dividend of Rs 0.30 per share (March 31, 2019 :0.10 per share) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs 3,56,10,000 (March 31, 2019 : Rs 1,18,70,000/-) along with Corporate Dividend Tax of NIL (March 31, 2019 : Rs 5,46,771/-)

NOTE - 5	31st March 2020	31st March 2019
LONG TERM LIABILITIES	Amount (Rs.)	Amount (Rs.)
Security Deposits Staff Car Scheme	-	264,400
	-	264,400

NOTE - 6	31st March 2020		31st March 2019	
	Amount(Rs)		Amount(Rs)	
PROVISIONS	Long Term	Short term	Long Term	Short term
Provision for Income Tax	-	11,361,100	-	12,436,200
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 22)	106,468	212	48,816	113
Provision for Leave Encashment (Refer Note No. 22)	177,665	8,858	91,011	5,376
	284,133	11,370,170	139,827	12,441,689

RICO INVESTMENTS LIMITED**Notes to financial statements for year ended on 31st March, 2020**

	31st March 2020 Amount (Rs.)	31st March 2019 Amount (Rs.)
NOTE - 7		
TRADE PAYABLE		
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	52,315
Due to related parties (Refer Note No. 23)	40,906	-
	211,006	52,315
NOTE - 8		
OTHER CURRENT LIABILITIES		
Provident fund payable	29,484	22,271
TDS payable	60,183	38,168
Salary Payable	322,433	351,517
Audit Fees Payable	243,000	243,000
Other payables	36,077	101,943
	691,177	756,899
NOTE - 10		
NON CURRENT INVESTMENTS		
Trade Investment (At Cost unless stated otherwise)		
Unquoted Equity Instruments		
Investments in Subsidiaries		
RASA Autocom Limited	214,600,000	214,600,000
<i>41000000 Equity shares of Rs 10 each, fully paid up.</i> <i>(Previous Year 4,10,00,000 Equity shares of Rs 10/ each, fully paid up)</i>		
Rico Aluminium and Ferrous Auto Components Ltd.	460,030,000	460,030,000
<i>46050000 Equity shares of Rs 10/- each, fully paid up.</i> <i>(Previous Year 4,60,50,000 Equity shares of Rs 10/ each, fully paid up)</i>		
Rico Jinfei Wheels Ltd	60,400,000	60,400,000
<i>35525000 Equity shares of Rs 10/- each, fully paid up</i> <i>(Previous Year 35525000 Equity shares of Rs 10/ each, fully paid up)</i>		
Aggregate Amount of Unquoted Investments.	735,030,000	735,030,000
Total Investments	735,030,000	735,030,000
NOTE - 11		
DEFERRED TAX ASSETS		
Depreciation & Amortisation	-	69,152
Provision for Gratuity	28,837	13,612
Provision for Leave Encashment	46,944	26,815
Preliminary Expenses	-	3,443
	75,781	113,022

RICO INVESTMENTS LIMITED**Notes to financial statements for year ended on 31st March, 2020**

NOTE - 12	31st March 2020	31st March 2019
<u>LONG TERM LOANS & ADVANCES</u>	Amount (Rs.)	Amount (Rs.)
Unsecured, considered good		
Loans and advances to related parties (Refer Note No.23)	461,500,000	471,500,000
Less :- Current Maturities of Loans & Advances	92,300,000	-
	369,200,000	471,500,000
NOTE - 13	31st March 2020	31st March 2019
<u>OTHER NON CURRENT ASSETS</u>	Amount (Rs.)	Amount (Rs.)
Security deposit	150,000	150,000
Income Tax Refundable	1,930,857	601,500
	2,080,857	751,500
NOTE - 14	31st March 2020	31st March 2019
<u>CASH & CASH EQUIVALENTS</u>	Amount (Rs.)	Amount (Rs.)
Cash in hand	1,355	1,355
Balances on Current Accounts with Banks	4,956,576	6,008,757
Balances on Fixed Deposit Accounts with Banks	31,000,000	-
	35,957,931	6,010,112
NOTE - 15	31st March 2020	31st March 2019
<u>OTHER CURRENT ASSETS</u>	Amount (Rs.)	Amount (Rs.)
Interest accrued	21,797,147	10,986,597
Current maturities of Long Term Loans given (Refer Note No. 12)	92,300,000	-
Tax deducted at source & Advance Tax	11,016,030	13,906,565
	125,113,177	24,893,162
NOTE - 16	31st March 2020	31st March 2019
<u>REVENUE FROM OPERATIONS</u>	Amount (Rs.)	Amount (Rs.)
Interest income	50,160,274	49,507,503
Dividend from Subsidiary	9,210,000	9,210,000
	59,370,274	58,717,503
NOTE - 17	31st March 2020	31st March 2019
<u>OTHER INCOME</u>	Amount (Rs.)	Amount (Rs.)
Other Income	32,094	325,531
	32,094	325,531
NOTE - 18	31st March 2020	31st March 2019
<u>EMPLOYEE BENEFIT EXPENSE</u>	Amount (Rs.)	Amount (Rs.)
Salary	3,259,171	4,072,251
Contribution to Provident Fund	252,225	176,263
Labour & Staff Welfare	1,490	18,371
Gratuity expenses	57,751	34,532
	3,570,637	4,301,417

RICO INVESTMENTS LIMITED**Notes to financial statements for year ended on 31st March, 2020**

NOTE - 19	31st March 2020	31st March 2019
FINANCE COSTS	Amount (Rs.)	Amount (Rs.)
Bank Charges	885	649
	885	649
NOTE - 20	31st March 2020	31st March 2019
OTHER EXPENSES	Amount (Rs.)	Amount (Rs.)
Rent	92,040	84,012
Legal and Professional Fees & Taxes	219,306	178,171
Printing & Stationary	103,775	72,250
Directors' Sitting Fees	3,825	10,630
Conveyance & Travelling	837,800	784,700
Other Expenses	26,337	63,651
Vehicle running and maintenance expenses	28,225	19,453
	243,153	241,522
Payments to the auditors		
As auditor :		
Audit Fee	206,500	209,844
Tax Audit Fee	41,300	40,250
Taxation Matters	17,700	17,250
	265,500	267,344
	1,819,961	1,721,733

RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2020

NOTE - 9

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	OPENING AS ON 01.04.19	ADDITIONS	SALE/ADJ. DURING THE YEAR	TOTAL AS ON 31.03.20	TOTAL AS ON 01.04.19	FOR THE PERIOD	SALE/ADJUSTMENT	TOTAL AS ON 31.03.20	AS ON 31.03.20	AS ON 31.03.19
TANGIBLE ASSETS:										
Vehicles	662,560	-	662,560	-	350,381	94,273	444,654	-	-	312,179
TOTAL	662,560	-	662,560	-	350,381	94,273	444,654	-	-	312,179
TOTAL PREVIOUS YEAR	1,211,634	-	549,074	662,560	558,296	194,260	402,175	350,381	312,179	653,338

Note - 21: 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, 2020</u>	<u>31st March, 2019</u>
Basic Earning Per share :-		
Net Profit as per Statement of Profit & Loss (Rs.)	42,363,186	40,387,911
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	118,700,000	118,700,000
Basic Earning Per share (Rs.)	0.36	0.34

Note - 22: Retirement and Other Employee Benefits

a) Defined contribution plans

Provident fund and other funds:

	<u>31st March, 2020</u>	<u>31st March, 2019</u>
Employer's contribution to provident fund	156,175	176,263

b) Defined benefit plans

Gratuity Plan:

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

	<u>31st March, 2020</u> (Rs.)	<u>31st March, 2019</u> (Rs.)
Present value of obligation at the beginning (A)	48,929	124,896
Current Service Cost (B)	46,107	23,265
Interest Cost (C)	3,748	9,654
Actuarial (gain)/ loss (D)	7,896	-108,886
Benefits Paid (E)	-	-
Present value of obligations at the end(F=A+B+C+D+E)	106,680	48,929

(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)

106,680 48,929

(iv) Net gratuity cost for the year ended:

Current Service Cost (A)	46,107	23,265
Interest cost (B)	3,748	9,654
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	7,896	-108,886
Net gratuity cost (E=A+B+C+D)	57,751	-75,967

(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)	212	113
Non-Current Liability (Amount due over one year)	106,468	48,816
Total Projected Benefit Obligation at the end of year	106,680	48,929

RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2020

Leave Encashment Plan:

	<u>31st March, 2020</u> (Rs.)	<u>31st March, 2019</u> (Rs.)
II (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	96,387	102,783
Current Service Cost (B)	76,980	45,580
Interest Cost (C)	7,383	7,945
Actuarial (gain)/ loss (D)	10,487	-59,921
Benefits Paid (E)	-4,714	-
Present value of obligations at the end (F=A+B+C+D+E)	186,523	96,387
(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)	186,523	96,387
(iv) Net Leave Encashment for the year ended :		
Current Service Cost (A)	76,980	45,580
Interest cost (B)	7,383	7,945
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	10,487	-59,921
Net Leave Encashment cost (E=A+B+C+D)	94,850	-6,396
(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)	8,858	5,376
Non-Current Liability (Amount due over one year)	177,665	91,011
Total PBO at the end of year	186,523	96,387

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>2020</u> (%)	<u>31st March,</u> <u>2019</u> (%)	<u>31st March,</u> <u>2020</u> (%)	<u>31st March,</u> <u>2019</u> (%)
Discount rate	6.80%	7.66%	6.80%	7.66%
Salary escalation rate	5.50%	5.50%	5.50%	5.50%
Expected rate of return on plan assets	-	-	-	-

Note - 23: 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, 2020

Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives	Kapbros Engineering Industries Ltd Rico Castings Ltd ASN Manufacturing and Services Pvt Ltd (Formerly known as Kapsons Manufacturing and Services Pvt Ltd) Magpie Manufacturing and Tech Private Limited
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Key Managerial Personnel	Shri Arvind Kapur Shri Om Prakash Aggarwal Shri Parveen Garg Shri S. Kartik	Director Managing Director Chief Financial Officer Company Secretary (From 13th March, 2019)
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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, 2020</u> (Rs.)	<u>31st March, 2019</u> (Rs.)
(i) RICO Auto Industries Ltd, Holding Co.		
Rent Paid	92,040	84,012
Dividend Paid	11,600,000	34,500,000
Balance payable	40,906	-
(ii) Rico Castings Limited		
Loan received back	5,000,000	-
Interest received (net off TDS)	21,366,812	21,640,501
Loan Recoverable	224,000,000	229,000,000
(iii) ASN Manufacturing and Services Pvt Ltd (Formerly known as Kapsons Manufacturing and Services Pvt Ltd)		
Loan received back	5,000,000	-
Interest received (net off TDS)	22,642,560	22,916,250
Loan Recoverable	237,500,000	242,500,000
(iv) Remuneration paid to key management personnel		
Shri O P Aggarwal (MD)	12	12
Shri Jagdish Chand Dwivedi (CS)	-	2,256,452
Shri Parveen Garg (CFO)	1,953,873	1,956,316
Shri S Kartik (CS)	1,305,284	70,266

	<u>31st March, 2020</u> (Rs.)	<u>31st March, 2019</u> (Rs.)
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Note - 24: Detail of dues to micro and small enterprises as defined under the

Nil Nil

	<u>31st March, 2020</u> (Rs.)	<u>31st March, 2019</u> (Rs.)
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Note - 25: Capital and other commitments

Nil Nil

	<u>31st March, 2020</u> (Rs.)	<u>31st March, 2019</u> (Rs.)
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Note - 26: Contingent Liabilities

Demand against the company not acknowledged as liability:-
Income Tax

5,460,870 Nil

	<u>31st March, 2020</u> (Rs.)	<u>31st March, 2019</u> (Rs.)
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Note - 27: Earning in Foreign Currency

Nil Nil

RICO INVESTMENTS LIMITED
Notes to financial statements for year ended on 31st March, 2020

	<u>31st March, 2020</u>	<u>31st March, 2019</u>
	(Rs.)	(Rs.)
Note - 28: Expenditure in Foreign Currency	Nil	Nil
	<u>31st March, 2020</u>	<u>31st March, 2019</u>
	(Rs.)	(Rs.)
Note - 29: Net Dividend remitted in Foreign Currency	Nil	Nil

Note - 30: 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

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

Nalin Kumar Budhraj
(Partner)
Membership No. 084310

Om Prakash Aggarwal
Managing Director
Din: 01537211

Arvind Kapur
Director
Din: 00096308

Place : Gurugram
Dated : 16th June, 2020

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, 2020, 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.

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.

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 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 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 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 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.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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**

Place: Gurugram

Date: 16th June 2020

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 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 AS 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**

Place: Gurugram

Date: 16th June 2020

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 on the basis of 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 and goods in transit. Confirmations were obtained for stock lying with third parties and subsequent receipts were verified in case of goods in transit in most of the cases. 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) 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 appropriate authorities, undisputed statutory dues including Income tax and other material statutory dues, as applicable, with appropriate authorities.

- a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Customs Duty, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Services Tax, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.
- 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, 2020.
- 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

Place: Gurugram
Date: 16th June 2020

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 **AAN Engineering Industries Limited** ("the Company") as of 31st March, 2020 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 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Act, 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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)

Nalin Kumar Budhraj
Partner
Membership No.: 084310

Place: Gurugram

Date: 16th June 2020

AAN Engineering Industries Limited
Balance Sheet as at March 31, 2020

	Notes	As at March 31, 2020	[Rs. In Lakhs] As at March 31, 2019
Assets			
Non-current assets			
(a) Property, plant and equipments	5	77.35	149.40
(b) Deferred tax assets	6	-	6.12
(c) Other non-current assets	7	14.11	19.25
Total non-current assets		91.46	174.77
Current assets			
(a) Inventories	8	44.72	26.50
(b) Financial Assets			
(i) Trade Receivables	9	14.77	29.66
(ii) Cash and Cash Equivalents	10	5.83	3.43
(iii) Bank balances other than (ii) above	11	4.05	4.05
(iv) Other financial assets	12	13.42	26.16
(c) Other current assets	13	24.26	49.40
Total current assets		107.05	139.20
Total Assets		198.51	313.97
Equity and liabilities			
Equity			
(a) Equity Share Capital	14	5.00	5.00
(b) Other Equity	15	(474.56)	(279.25)
Total Equity		(469.56)	(274.25)
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	409.02	353.61
(b) Provisions	17	12.67	11.13
(c) Deferred tax liabilities	6	3.27	-
Total non-current liabilities		424.96	364.74
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	117.98	71.33
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro and small enterprises	19	5.01	19.42
(iii) Other Financial Liabilities	20	118.46	129.87
(b) Short Term Provisions	21	0.26	0.25
(c) Other current liabilities	22	1.40	2.61
Total current liabilities		243.11	223.48
Total equity and liabilities		198.51	313.97

The accompanying notes 1 to 40 are an integral part of the financial statements.

In terms of our report of even date

For Budhraja Adlakha & Co.
Chartered Accountants
Firm Reg. No. 005154N

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

Nalin Kumar Budhraja
(Partner)
Membership No. 084310
Place : Gurugram
Dated : 16th June, 2020

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, 2020

[Rs. In Lakhs]

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Revenue from operations	23	194.25	407.99
Other income	24	2.25	10.83
Total revenue		196.50	418.82
Expenses			
(a) Cost of material consumed	25	183.78	152.75
(b) Changes in inventories of FG & WIP	25A	(20.79)	2.11
(c) Other manufacturing expenses	26	19.72	173.68
(d) Employee benefits expense	27	36.44	24.73
(e) Finance costs	28	95.53	106.09
(f) Depreciation and amortization expense	5	13.67	15.20
(g) Other expenses	29	53.67	76.14
Total expenses		382.02	550.70
Profit/(loss) before exceptional items and tax		(185.52)	(131.88)
Exceptional items		-	-
Profit/(Loss) before tax		(185.52)	(131.88)
Tax expenses			
Current tax	30	-	-
Deferred tax		9.49	8.40
Tax - earlier year		-	(0.73)
Total Tax expense		9.49	7.67
Profit/(Loss) for the year (A)		(195.01)	(139.55)
Other comprehensive income			
A (i) Items that will not be reclassified to profit and loss			
(a) Remeasurements of the defined benefit plans			
		(0.39)	-
		(0.39)	-
(ii) Income tax relating to items that will not be reclassified to profit and loss			
		(0.09)	-
Total other comprehensive income for the year (B)		(0.30)	-
Total comprehensive income/(loss) for the year (A + B)		(195.31)	(139.55)
Earnings per equity share [nominal value of share Rs. 10]			
Earnings per share:-			
(a) Basic	31	(390.02)	(279.10)
(b) Diluted		(390.02)	(279.10)

The accompanying notes 1 to 40 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

For and on behalf of the board of directors of
AAN Engineering Industries Limited

Nalin Kumar Budhraj
(Partner)
Membership No. 084310

Ish Mohit Pannu
Director
DIN: 07181747

Naresh Kumar Sethi
Director
DIN: 00202498

Place : Gurugram
Dated : 16th June, 2020

Particulars	For the year ended march 31, 2020	For the year ended march 31, 2019
Cash Flow From Operating Activities		
Profit before tax	(185.92)	(131.88)
Adjustments for :		
Depreciation and amortisation expenses	13.67	15.20
Finance Costs	95.53	106.09
Interest Income	0.29	10.83
Profit on sales of fixed assets	(1.83)	-
Operating profit before working capital changes	(78.26)	0.24
Adjustments for:		
- (Increase)/decrease in other financial assets (non-current)	-	0.25
- (Increase)/decrease in other non-current assets	5.14	(18.11)
- (Increase)/decrease in inventories	(18.22)	30.13
- (Increase)/decrease in trade receivables	14.89	240.50
- (Increase)/decrease in other financial assets (current)	12.74	0.17
- (Increase)/decrease in other current assets	25.14	(63.18)
- Increase/(decrease) in non-current provisions	1.54	11.13
- Increase/(decrease) in trade payables	(14.41)	(224.51)
- Increase/(decrease) in current provisions	0.01	0.25
- Increase/(decrease) in other current liabilities	(0.62)	0.10
Cash Generated From operations	26.21	(23.27)
Income tax paid (net)	-	0.73
Cash Generated From operations before extraordinary Items	26.21	(22.54)
Extraordinary Items	-	-
Net Cash From/(used in) Operating Activities (A)	(52.05)	(22.30)
Cash Flow From Investing Activities		
Interest received	(0.29)	(10.83)
Sale of property, plant & equipments	60.21	-
Net Cash from/(used in) Investing Activities (B)	59.92	(10.83)
Cash Flow From Financing Activities		
Interest accrued but not due on borrowings	43.41	56.05
Proceeds from Short term borrowings	46.65	71.33
Finance cost paid	(95.53)	(106.09)
Net Cash from/(used in) Financing Activities (C)	(5.47)	21.29
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	2.40	(11.84)
Add: Cash and Cash Equivalents at the beginning of the year	7.48	19.32
Cash and Cash Equivalents at the end of the year	9.88	7.48
Components of cash and cash equivalents		
Cash on Hand	0.10	0.11
With banks -		
On Current Accounts and Fixed Deposits	9.78	7.37
Total cash and cash equivalents (Refer Note No.-10 & 11)	9.88	7.48

In terms of our report of even date

For Budhraj Adlakha & Co.
Chartered Accountants
Firm Reg. No. 005154N

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

Nalin Kumar Budhraj
(Partner)
Membership No. 084310
Place : Gurugram
Dated : 16th June, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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.

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

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2020

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

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.

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2020

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.

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.

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.

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2020

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.

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

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2020

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.

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

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.

4.16.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.

4.16.b The Company as lessee

Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2020

a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'.

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.

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.

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, 2020

[Rs. In Lakhs]

	As at March 31, 2020	As at March 31, 2019
6 Deferred tax assets/(liabilities) (net)		
Deferred tax assets/(liability) arising on account of :		
Depreciation	(9.62)	3.12
Employee Benefits	3.35	-
MAT Credit Entitlement	3.00	3.00
Net Deferred tax assets / (liabilities)	(3.27)	6.12

For the period ended March 31, 2020

Deferred tax assets/(liabilities) 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)	-	(9.62)
Provision for employee and others liabilities deductible on actual payment	-	3.25	(0.10)	3.35
MAT Credit Entitlement	3.00	-	-	3.00
Net deferred tax assets/(liabilities)	6.12	(9.49)	(0.10)	(3.27)

For the period ended March 31, 2019

Deferred tax assets/(liabilities) 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	11.52	-	8.40	3.12
Provision for employee and others liabilities deductible on actual payment	-	-	-	-
MAT Credit Entitlement	3.00	-	-	3.00
Net deferred tax assets/(liabilities)	14.52	-	8.40	6.12

7 Other non current assets

Advance income tax (net of provisions)	1.80	2.97
Prepaid expenses	12.31	16.28
Total	14.11	19.25

8 Inventories

(Valued at cost or net realizable value whichever is lower)

Stores & Spares	17.43	20.00
Raw Material & Components	3.55	3.55
Work-in-process	22.21	1.42
Finished Goods	1.53	1.53
Total	44.72	26.50

9 Trade receivables

Unsecured, considered good		
: Outstanding for a period exceeding six months from the date they were due for payment	2.15	29.66
: Other debts	12.62	-
Total	14.77	29.66

AAN Engineering Industries Limited
Notes to the financial statements for the year ended March 31, 2020

		[Rs. In Lakhs]	
		As at March 31, 2020	As at March 31, 2019
10	Cash and bank balances		
	Cash and cash equivalents		
	Cash on hand	0.10	0.11
	Balances with banks		
	In current accounts	5.73	3.32
	Total	5.83	3.43
11	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>)	4.05	4.05
	Total	4.05	4.05
12	Other financial assets		
	Unsecured, Considered Good		
	Loans and advances to employees	-	0.47
	Interest Receivable	1.06	0.77
	Receivable Account	12.36	24.92
	Total	13.42	26.16
13	Other current assets		
	Unsecured, Considered Good		
	Prepaid Expenses	4.88	29.08
	Balance with Statutory/ Government Authorities on account of : Goods & Service Tax	19.38	20.32
	Total	24.26	49.40
14	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
		<u>100.00</u>	<u>100.00</u>
	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
		<u>5.00</u>	<u>5.00</u>
	c) Reconciliation of number of equity & preference shares outstanding		
	Equity Shares	Year ended March 31, 2020	Year ended March 31, 2019
	At the beginning of the year		
	No. of shares	50,000.00	50,000.00
	Amount	5.00	5.00
	Movement during the year		
	No. of shares	-	-
	Amount	-	-
	Outstanding at the end of the year		
	No. of shares	50,000.00	50,000.00
	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, 2020

[Rs. In Lakhs]

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

Equity Shares		Year ended March 31, 2020	Year ended March 31, 2019
Rico Auto Industries Limited, Holding Company			
Equity shares of Rs 10/- each fully paid up	No. of shares	50,000.00	50,000.00
	% of holding	100%	100%

The above information is furnished as per the shareholders register as on March 31, 2020.

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.

15 Other equity**Retained earnings**

As per last Balance Sheet	(279.25)	(139.70)
Add : Profit/(Loss) transferred from Statement of Profit and Loss	(195.01)	(139.55)
Net retained earnings	(474.26)	(279.25)

Other comprehensive income

As per last Balance Sheet	-	-
Add : Additions during the year	(0.30)	-
Closing balance	(0.30)	-

Total Other Equity

(474.56)	(279.25)
-----------------	-----------------

16 Long term borrowings**Unsecured**

From Companies :

¹ Rupee Loan - Related parties (Refer note no 33)	523.37	353.61
Less : Current maturities of long term unsecured borrowings	(114.35)	-
Total	409.02	353.61

¹Terms of Loan:**Name of Paty: Rico Auto Industries Limited, Holding Company**

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 @ 8.75%. p.a., loan is payable in equal 16 quarterly instalment starting from June 30, 2020.

The loan balance outstanding as on 31.03.2020 also includes the accumulated accrued interest of Rs 169.76 lacs

17 Long term provisions

Provision for Gratuity (Refer note no. 32)	11.61	10.29
Provision for compensated absences (Refer note no. 32)	1.06	0.84
Total	12.67	11.13

18 Short term borrowings**Secured***

Working Capital Loans from Banks :

Cash credit & Overdraft	117.98	71.33
	117.98	71.33

* 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.

19 Trade payables

Due to Micro & Medium Enterprises (Refer Note No. 34)	-	0.25
Others		
Other than Acceptances	3.88	10.48
Due to related parties (Refer Note No. 33)	-	4.75
Other Payables	1.13	3.94
	5.01	19.42

AAN Engineering Industries Limited
Notes to the financial statements for the year ended March 31, 2020

[Rs. In Lakhs]

	Year ended March 31, 2020	Year ended March 31, 2019
20 Other financial liabilities		
Current maturities of long term loans	114.35	-
Interest accrued but not due on borrowings	-	126.35
Employee Benefits Payable	4.11	3.52
	118.46	129.87
21 Short term provisions		
Provision for Gratuity (Refer note no. 32)	0.20	0.19
Provision for compensated absences (Refer note no. 32)	0.06	0.06
	0.26	0.25
22 Other current liabilities		
Statutory Liabilities	1.19	2.35
Others	0.21	0.26
	1.40	2.61
23 Revenue from operations		
Sales of Products	193.15	400.30
Sale of Scrap	1.10	7.69
	194.25	407.99
24 Other income		
Interest Income	0.29	10.83
Profit on sales of fixed assets	1.83	-
Miscellaneous Income	0.13	-
	2.25	10.83
25 Cost of material consumed		
Raw Materials & Components		
Opening Stock	3.55	38.07
Add : Purchase during the year	183.78	118.23
Less : Closing Stock	3.55	3.55
Raw Material & Components Consumed	183.78	152.75
25A Changes in inventories of finished goods and work in progress		
(a) Work-in-Process		
Opening Stock	1.42	1.49
Closing Stock	22.21	1.42
	(20.79)	0.07
(b) Finished Goods		
Opening Stock	1.53	3.57
Closing Stock	1.53	1.53
	-	2.04
Total	(20.79)	2.11
26 Other manufacturing expenses		
Consumption of Stores & Spares		
Others Stores & Spares Consumed	3.33	67.90
Sub Contractor Expenses	13.90	82.09
Power & Fuel	2.49	23.69
	19.72	173.68
27 Employee benefits expense		
Salaries, wages and bonus	33.18	21.89
Contribution to provident and other funds	2.88	1.72
Employee welfare and insurance expenses	0.38	1.12
	36.44	24.73
28 Finance costs		
Interest expenses on borrowings	54.73	64.58
Other borrowing costs	40.80	41.51
	95.53	106.09

29 Other expenses

Rent	23.68	27.07
Repairs & Maintenance	0.26	0.33
Insurance	1.02	0.94
Rates & Taxes	0.98	0.85
Travelling & Conveyance	1.50	1.24
Legal and Professional	23.27	32.64
Payment to Auditors*	1.00	1.09
Freight and forwarding	-	5.99
Vehicle running and maintenance expenses	1.62	1.78
Miscellaneous Expenses	0.34	4.21
	<u>53.67</u>	<u>76.14</u>

* Payment to the auditors comprises :

Statutory Audit (including limited reviews)	0.75	0.75
Tax Audit	0.25	0.25
Others	-	0.09
	<u>1.00</u>	<u>1.09</u>

30 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	-	(0.73)
Total Current tax	<u>-</u>	<u>(0.73)</u>

Deferred tax

Decrease / (increase) in deferred tax assets (net)	9.49	8.40
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Total Deferred tax

<u>9.49</u>	<u>8.40</u>
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Total Income Tax Expense

<u>9.49</u>	<u>7.67</u>
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(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	(185.52)	(131.88)
Tax at India's tax rate of 25.168% (PY 27.5525%)	(46.69)	(36.34)
Tax effect of Other Adjustments	56.18	44.01
	<u>9.49</u>	<u>7.67</u>

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AAN Engineering Industries Limited
Statement of Changes in equity for the year ended March 31, 2020

[Rs. In Lakhs]

a. Equity Share Capital			Amount
Balance at April 1, 2018			5.00
Changes in equity share capital during the year			-
Balance at 31st March, 2019			5.00
Changes in equity share capital during the year			-
Balance at 31st March, 2020			5.00

b. Other Equity	Reserve & Surplus		
	General Reserve	Retained Earnings	Total
Balance at April 1, 2018	-	(139.70)	(139.70)
Profit for the year	-	(139.55)	(139.55)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(279.25)	(279.25)
Payment of Dividend	-	-	-
Tax on Dividend	-	-	-
Balance at March 31, 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)

The accompanying notes 1 to 40 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

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

Nalin Kumar Budhraj
(Partner)
Membership No. 084310

Ish Mohit Pannu
Director
DIN: 07181747

Naresh Kumar Sethi
Director
DIN: 00202498

Place : Gurugram
Dated : 16th June, 2020

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2020

[Rs. In Lakhs]

Fixed assets

Note - 5

Particulars	Gross block			Accumulated depreciation				Net block		
	As at April 1, 2019	Additions during the year	Disposals during the year	As at March 31, 2020	As at April 1, 2019	Charge for the year	Adjustment upon deletion	As at March 31, 2020	As at March 31, 2019	
Tangible assets										
Plant and machinery	175.20		68.98	106.22	25.82	13.67	10.60	28.89	77.33	149.38
Office equipment	0.05			0.05	0.03			0.03	0.02	0.02
Current year	175.25	-	68.98	106.27	25.85	13.67	10.60	28.92	77.35	149.40
Previous year	175.25	-	-	175.25	10.65	15.20		25.85	149.40	164.60

Note - 31: 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, 2020</u>	<u>31st March, 2019</u>
Net Profit/(Loss) as per Statement of Profit & Loss (Rs. in Lakhs)	(195.01)	(139.55)
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.)	(390.02)	(279.10)
Diluted Earning Per share (Rs.)	(390.02)	(279.10)

Note - 32: Retirement and Other Employee Benefits**a) Defined contribution plans**

Provident fund and other funds:

	<u>31st March, 2020</u>	<u>31st March, 2019</u>
Employer's contribution to provident fund	1.36	1.05

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.

	<u>31st March, 2020</u>	<u>31st March, 2019</u>
Gratuity Plan:		
I (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	10.48	-
Current Service Cost (B)	0.46	0.44
Interest Cost (C)	0.80	-
Actuarial (gain)/ loss (D)	0.39	-
Benefits Paid (E)	(0.32)	-
Past Service Cost including curtailment Gains/Losses (F)	-	10.04
Present value of obligations at the end(F=A+B+C+D+E+F)	11.81	10.48
(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)	11.81	10.48
(iv) Net gratuity cost for the year ended:		
In Statement of Profit & Loss A/c		
Current Service Cost (A)	0.46	0.44
Interest cost (B)	0.80	-
Expected return on plan assets (C)	-	-
Past Service Cost including curtailment Gains/Losses (D)	-	10.04
In Statement of Other Comprehensive Income		
Actuarial (gain)/Loss recognised in the year (E)	0.39	-
Net gratuity cost (E=A+B+C+D+E)	1.65	10.48

AAN Engineering Industries Limited
Notes to financial Statements for year ended on 31st March, 2020
[Rs. In Lakhs]

(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)	0.20	0.19
Non-Current Liability (Amount due over one year)	11.61	10.29
Total Projected Benefit Obligation at the end of year	11.81	10.48

(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:

	<u>31st March, 2020</u>		<u>31st March, 2019</u>	
	Increased	Decreased	Increased	Decreased
Impact of change in discount rate (+/- 0.5%)	(0.25)	0.25	(0.27)	0.28
Impact of change in salary (+/- 0.5%)	0.25	(0.25)	0.28	(0.28)

Leave Encashment Plan:

	<u>31st March, 2020</u>	<u>31st March, 2019</u>
II (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	0.91	-
Current Service Cost (B)	0.07	0.07
Interest Cost (C)	0.07	-
Actuarial (gain)/ loss (D)	0.20	-
Benefits Paid (E)	(0.13)	-
Past Service Cost including curtailment Gains/Losses (F)	-	0.84
Present value of obligations at the end(F=A+B+C+D+E+F)	1.12	0.91
(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)	1.12	0.91
(iv) Net Leave Encashment for the year ended :		
Current Service Cost (A)	0.07	0.07
Interest cost (B)	0.07	-
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	0.20	-
Past Service Cost including curtailment Gains/Losses (E)	-	0.84
Net Leave Encashment cost (E=A+B+C+D+E)	0.34	0.91
(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)	1.06	0.85
Total PBO at the end of year	1.12	0.91

Principal Actuarial Assumptions

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

	<u>Gratuity Plan and Leave Encashment Plan 31st March, 2020</u>	<u>Gratuity Plan and Leave Encashment Plan 31st March, 2019</u>
	(%)	(%)
Discount rate	6.80%	7.66%
Salary escalation rate	5.50%	5.50%

Note - 33: 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 Company	Rico Auto Industries Inc. USA Rico Auto Industries (UK) Limited, UK Rico investment limited Rico Fluidtronics Limited
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 Kapbros Engineering Industries Limited Magpie Manufacturing and Tech Private Limited Meraki Manufacturing and Finvest Advisors 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 :

	<u>31st March, 2020</u>	<u>31st March, 2019</u>
(i) RICO Auto Industries Ltd, Holding Co.		
Loan taken during the year	-	505.00
Loan repaid during the year	-	505.00
Material Purchase (Net of GST)	184.60	-
Electricity Expenses (Net of GST)	10.79	23.69
Rent Paid (Net of GST)	23.68	27.07
Reimbursement of expenses	2.50	72.97
Manpower Expenses	1.32	-
Interest Accrued	43.41	52.53
Sales of Component & Scrap	191.64	-
Sales of Machine	60.21	-
Balance As on		
Loans (taken) payable	353.61	353.61
Interest accrued but not due on borrowings	169.76	126.35
Balance Receivable	12.46	-
(ii)		
Rico Aluminium and Ferrous Auto Components Limited		
Components Sale	1.50	-
Scrap Sales	-	72.55
Components Purchase	1.00	-
Employees Cost	2.17	-
Balance payable / (Receivable)	-	-
(iii) ASN Manufacturing and Services Pvt Ltd		
Recovery of Electricity Cost	23.81	-
Recovery of Manpower Cost	8.31	-
Balance payable / (Receivable)	-	-

31st March, 2020

[Rs. In Lakhs]

31st March, 2019

[Rs. In Lakhs]

Note - 34: Detail of dues to micro and small enterprises as defined under the MSMED Act, 2006

Balance payable	-	0.25
Interest Payable	-	-

AAN Engineering Industries Limited

Notes to financial Statements for year ended on 31st March, 2020

[Rs. In Lakhs]

	<u>31st March, 2020</u>	<u>31st March, 2019</u>
Note - 35: Composition of imported and indigenous raw material (including components and spares)		
Iron & Steel		
-Indigenous	Value in (` in Lakhs) 183.78	152.75
	% of total consumption 100%	100%
Stores and spare parts		
-Indigenous	Value in (` in Lakhs) 3.33	67.90
	% of total consumption 100%	100%
Note - 36: Capital and other commitments	<u>31st March, 2020</u> [Rs. In Lakhs]	<u>31st March, 2019</u> [Rs. In Lakhs]
	Nil	Nil
Note - 37: Contingent Liabilities	<u>31st March, 2020</u> [Rs. In Lakhs]	<u>31st March, 2019</u> [Rs. In Lakhs]
a. Claims against the company not acknowledged as debts	Nil	Nil
b. Guarantees issued by Bank on behalf of the Company and outstanding.	3,917.31	60.23

38 Financial instruments and risk management**38.1 A Financial Instruments by Category**

	March 31, 2020		March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets*				
<i>Non Current</i>				
Other financial assets	-	-	-	-
<i>Current</i>				
Trade Receivables	-	14.77	-	29.66
Cash and Cash Equivalents	-	9.88	-	7.48
Other financial assets	-	13.42	-	1.24
Total financial assets	-	38.07	-	38.38
Financial liabilities				
<i>Non Current</i>				
Borrowings (excluding current maturities)	-	353.61	-	353.61
<i>Current</i>				
Trade payables	-	5.01	-	19.42
Other Financial Liabilities	-	236.44	-	201.20
Total financial liabilities	-	595.06	-	574.23

38.1.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.

38.1.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, 2020	-	-	-	-
Current Investment in Mutual Funds	March 31, 2019	-	-	-	-

38.1.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.

38.2 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.

38.2.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, 2020	March 31, 2019
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, 2020	March 31, 2019
Variable rate borrowings	-	-
Fixed rate borrowings	353.61	353.61
Total borrowings	353.61	353.61

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, 2020	For the year ended March 31, 2019
Variable rate borrowings	Interest rate increase by 0.5%	Nil	Nil
	Interest rate decrease by 0.5%	Nil	Nil

38.2.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.

38.2.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, 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
	0- 3 months	3 - 6 months	6 months - 1 Year	1 - 3 Years	More than 3 years	Total
As at March 31, 2019						
Borrowing					353.61	353.61
Trade Payable (Goods, Service & Capital Goods)	15.48					15.48
Total	15.48	-	-	-	353.61	369.09

38.3 Capital 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:

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2020

[Rs. In Lakhs]

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

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	641.35	353.61
Cash and cash equivalent	(9.88)	(7.48)
Net Debts	631.47	346.13
Total Equity	(469.56)	(274.28)
Net debts to Total Equity	(1.35)	(1.27)

Loan covenants

The Company is in compliant with all the loan covenants on all the borrowings outstanding as on the financial statements

B. Dividends

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<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

39 Segment wise revenue, results and capital employed

a. As the Company's business activity falls within a single primary business segment, 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.

40 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

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

Nalin Kumar Budhraj
(Partner)
Membership No. 084310

Ish Mohit Pannu
Director
DIN: 071817

Naresh Kumar Sethi
Director
DIN: 00202498

Place : Gurugram
Dated : 16th June, 2020

Financial Statements and Report of Independent Auditors

Rico Auto Industries, Inc.

Year ended March 31, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To
Board of Directors
Rico Auto Industries, Inc.

We have audited the accompanying financial statements of Rico Auto Industries, Inc. (a Delaware Corporation) (the 'Company'), which comprise the balance sheets as of March 31, 2020 and 2019, and the related statement of comprehensive income, changes in stockholders' equity, cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Rico Auto Industries, Inc.
Report of Independent Certified Public Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rico Auto Industries, Inc. as of March 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Place: Mumbai

Date: June 16, 2020

RICO Auto Industries, Inc.
Financial Statements for the year ended March 31, 2020

Balance Sheet

	Note	As at March 31, 2020 (US \$)	As at March 31, 2019 (US \$)
ASSETS			
Current assets			
Cash and cash equivalents	B	14,972	48,359
Inventories	C	4,434,394	5,086,501
Accounts receivable (net)	D	4,146,488	3,609,502
Other current assets	E	73,852	33,088
Total current assets		8,669,706	8,777,450
Non-current assets			
Property and equipment (net)	F	504	895
Other non-current assets	E	55,000	125,000
Total non-current assets		55,504	125,895
Total assets		8,725,210	8,903,345
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		4,636,962	4,956,956
Accrued expenses and other liabilities	G	26,587	13,420
Income taxes payable		97,212	143,082
Total current liabilities		4,760,761	5,113,458
Total liabilities		4,760,761	5,113,458
Stockholder's equity			
Common stock (\$10 par value, 2,500 authorised shares; 2,500 issued and outstanding shares as of March 31, 2020 and March 31, 2019)		25,000	25,000
Retained earnings		3,939,449	3,764,887
Total shareholder's equity		3,964,449	3,789,887
Total Liabilities and Stockholder's equity		8,725,210	8,903,345

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

RICO Auto Industries, Inc.
Financial Statements for the year ended March 31, 2020

Statement of comprehensive income

	Year ended March 31, 2020 (US \$)	Year ended March 31, 2019 (US \$)
Revenue		
Sale of traded goods	19,689,630	20,103,900
Total revenue	19,689,630	20,103,900
Expenses		
Cost of goods sold	19,144,157	19,445,463
Selling expenses	192,198	187,412
General and administrative expenses	93,783	98,086
Total expenses	19,430,138	19,730,961
Operating income	259,492	372,939
Finance charges	5,800	5,723
Income before tax	253,692	367,216
Tax expense (see note J)	79,130	146,386
Net income	174,562	220,830
Total comprehensive income for the year	174,562	220,830

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

Rico Auto Industries, Inc.
 Financial Statements for the year ended March 31, 2020

Statement of changes in Stockholder's Equity

Particulars	<u>Common stock</u>		Retained earnings (US \$)	Total stockholder's equity (US \$)
	Number of shares	Amount (US \$)		
Balance as at March 31, 2018	2,500	25,000	3,544,057	3,569,057
Net comprehensive income for the year	-	-	220,830	220,830
Balance as at April 1, 2019	2,500	25,000	3,764,887	3,789,887
Net comprehensive income for the year	-	-	174,562	174,562
Balance as at March 31, 2020	2,500	25,000	3,939,449	3,964,449

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

Rico Auto Industries, Inc.
Financial Statements for the year ended March 31, 2020

Statements of Cash Flows

	Year ended March 31, 2020 (US \$)	Year ended March 31, 2019 (US \$)
Cash flows from operating activities:		
Net income	174,562	220,830
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	391	391
Finance cost	5,800	5,723
Changes in operating assets and liabilities		
Accounts receivable	(536,986)	1,306,893
Inventories	652,107	525,570
Other assets - current and non-current	29,236	461,682
Trade payables	(319,994)	(2,210,320)
Accrued expenses and other liabilities	13,167	(239,356)
Income taxes payable	(45,870)	(41,408)
Net cash (used in)/ generated from operating activities	(27,587)	30,005
Cash flow from investing activities	-	-
Cash flow from financing activities		
Finance cost	(5,800)	(5,723)
Net cash used in financing activities	(5,800)	(5,723)
Net (decrease)/ increase in cash and bank balances	(33,387)	24,282
Cash and cash equivalents at beginning of year	48,359	24,077
Cash and cash equivalents at end of year	14,972	48,359
Supplemental disclosure of cash flow information		
Cash paid for taxes	55,000	187,794

RICO AUTO INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENT
March 31, 2020 and 2019

NOTE A - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of operations

Rico Auto Industries, Inc. (“the Company”) was incorporated under the laws of state of Delaware, United States of America. The Company is a wholly owned subsidiary of Rico Auto Industries, Limited, an Indian public limited company. The Company has commenced business operations from January 2002 and is engaged in the business of marketing and selling auto components manufactured by Rico Auto Industries Limited.

2. Summary of significant accounting policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

2.1 Overall considerations

The accompanying financial statement have been prepared under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) to reflect the financial position, results of operations, statement of changes in stockholders’ equity and cash flows of the Company.

2.2 Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. There are no significant estimates and assumptions made by the Company in preparing these financial statements. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

2.3 Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents. Cash consist of cash in current accounts maintained with banks.

2.4 Inventories

Inventories consist of finished goods, goods in transit, packaging materials and components, and are stated at the lower of cost or market value. The cost is determined using first-in-first-out method and includes purchase price and attributable direct costs, less trade discounts and provisions.

RICO AUTO INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENT
March 31, 2020 and 2019

NOTE A (Continued)

2.5 Revenue recognition

Revenue from sales of auto components is recognised when the significant risks and rewards in respect of ownership of products are transferred to the customer at the time of receipt of products by the customer and when the following criteria are met:

- Delivery has occurred;
- Persuasive evidence of an arrangement exists;
- The price to the buyer is fixed and determinable; and
- Collectability of the sales price is reasonably assured.

Provisions for sales discounts and other rebates and damaged product returns are established as a reduction of product sales revenues.

2.6 Cost of revenues

The Company's cost of revenues, primarily consist of the cost of purchase of auto components and other direct material costs.

2.7 Income taxes

The provision for current income tax expense is estimated in accordance with the relevant regulations applicable to the Company. The Company accounts for deferred income taxes under the full liability method, in accordance with the provisions of ASC 740 "Income Taxes". Deferred income tax assets and liabilities are recognised for the future tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted tax rates for respective tax jurisdictions as on the date of the financial statements. The effect on deferred income tax assets and liabilities of a change in tax rates is recognised in the statement of operations in the period of change. Based on management's judgment, the measurement of deferred income tax assets is reduced, if necessary, by a valuation allowance for any tax benefits where it is more likely than not, that some portion or all of such benefits will not be realised.

2.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line method over the estimated useful life of the respective assets.

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NOTE A (Continued)

2.9 Provisions and contingencies

Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are not discounted unless the timing of the related cash flows is fixed or reliably determinable. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or where the amount of the obligation cannot be determined reliably, no liability is recognised.

Contingent assets

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.10 Employee compensation

Short term employee benefits

Short term employee benefits mainly comprise of employee costs such as salaries, bonuses, and other allowances.

Post-employment benefits

The Company does not provide any post-employment benefits.

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RICO AUTO INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENT
 March 31, 2020 and 2019

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	As at March 31, 2020 (US \$)	As at March 31, 2019 (US \$)
Balances with banks in current accounts	14,972	48,359
Total	14,972	48,359

NOTE C - INVENTORIES

Inventories comprise of the following:

	As at March 31, 2020 (US \$)	As at March 31, 2019 (US \$)
Finished goods in transit	1,797,169	1,918,087
Finished goods - imported	2,637,225	3,168,414
Total	4,434,394	5,086,501

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and the allowance for doubtful accounts. The Company charges-off uncollectible receivables when the likelihood of collection is remote. Generally, the Company considers receivables past due 30 days subsequent to the billing date; however, the Company may extend credit terms up to 60 days. The Company performs ongoing credit evaluations of its customers, and generally extends credit without requiring collateral. Credit is extended based on prior experience with a customer and evaluation of customer's financial condition. The Company maintains an allowance for doubtful accounts based on management's expectations of future losses, which is determined based on historical experience and current economic environment. Losses have historically been within management's expectations. Accounts receivables are charged to bad debt expense when they are deemed uncollectible based upon management's periodic review of the accounts.

The analysis of accounts receivable is as follows:

	As at March 31, 2020 (US \$)	As at March 31, 2019 (US \$)
Accounts receivable	4,146,488	3,609,502
Total	4,146,488	3,609,502

RICO AUTO INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENT
 March 31, 2020 and 2019

NOTE E - OTHER ASSETS

Other assets comprise of the following:

	As at March 31, 2020 (US \$)	As at March 31, 2019 (US \$)
Prepaid income taxes	55,000	125,000
Prepaid expenses	8,854	10,099
Security deposit	950	950
Custom duty refundable	64,048	22,039
Total	128,852	158,088
Other current assets	73,852	33,088
Other non-current assets	55,000	125,000

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment comprises of the following:

	As at March 31, 2020 (US \$)	As at March 31, 2019 (US \$)
Computer		
Gross block	3,822	3,822
Less: Accumulated depreciation	(3,318)	(2,927)
Total	504	895
Depreciation charged during the year	391	391

NOTE G - ACCRUED EXPENSES AND OTHER LIABILITIES

Other liabilities comprise of the following:

	As at March 31, 2020 (US \$)	As at March 31, 2019 (US \$)
Other expenses payable	26,587	13,420
Total	26,587	13,420
Current	26,587	13,420
Non-current	-	-

RICO AUTO INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENT
March 31, 2020 and 2019

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash equivalents, other assets and accrued expenses and liabilities because of the short-term maturities approximate their fair value.

NOTE I - FINANCIALS INSTRUMENTS AND CONCENTRATION OF RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivables. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. Two customers account for 92% of the total revenues and 92% of the total receivables of the Company. (*Previous year 89% and 91% respectively*).

Significant portion of the purchases made by the Company for the year ended March 31, 2020 and 2019 were from Rico Auto Industries, Limited, which accounted for 99% of the accounts payable.

NOTE J - INCOME TAXES

Income taxes comprise of the following:

	Year ended March 31, 2020 (US \$)	Year ended March 31, 2019 (US \$)
Income tax expense		
Federal tax	65,672	123,025
State tax	13,458	23,361
Total tax expense	<u>79,130</u>	<u>146,386</u>

The reported amount of income tax expense recognised in the statement of comprehensive income does not differ from the amount that would result from applying the domestic federal statutory rates to pre-tax income from operations. There are no unrecognised tax positions as of March 31, 2020 and March 31, 2019.

NOTE K - STOCKHOLDERS' EQUITY

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the stockholders.

RICO AUTO INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENT
 March 31, 2020 and 2019

NOTE L - CONTINGENT LIABILITIES

The Company is subject to legal proceedings and claims, which may arise in the ordinary course of business. In the opinion of the management, these actions are not expected to have a material effect on the results of operations of the financial position of the Company.

NOTE M - RELATED PARTY TRANSACTIONS

A. Name and nature of related parties

Name of related party	Nature of relationship
Rico Auto Industries Limited	Holding Company
Rico Investments Limited	Fellow subsidiary
Rico Aluminium and Ferrous Auto Components Limited	Fellow subsidiary
Rasa Autocom Limited	Fellow subsidiary
Rico Jinfei Wheels Limited	Fellow subsidiary
Rico Fluidtronics Limited (formally known as Magna Rico Powertrain Private Limited)	Fellow subsidiary
Rico Auto Industries (UK) Limited, UK	Fellow subsidiary

Key management personnel

Shri Arvind Kapur – Director
 Shri Om Prakash Aggarwal – Director
 Shri Naresh Kumar Sethi – Director
 Shri Sandeep Rajpal – Director (from July 1, 2019)
 Shri Rakesh Kumar Sharma – Director (from July 1, 2019)
 Shri Rakesh Kapur – Director (till June 30, 2019)

B. The following is a summary of related party transactions during the year:

I. Purchase of auto components

Rico Auto Industries Limited (<i>including finished goods in transit</i>)	US \$ 18,412,187
	<i>(Previous year US \$ 19,445,670)</i>

II. Balances outstanding at year end:

Accounts payable

Rico Auto Industries Limited (<i>including finished goods in transit</i>)	US \$ 4,549,814
	<i>(Previous year US \$ 4,923,265)</i>

RICO AUTO INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENT
March 31, 2020 and 2019

NOTE N - EMPLOYEE BENEFITS

Employees of Rico Auto Industries, Inc. receive benefits under social security schemes, which is a defined contribution plan based on specified percentage of employee's salary. The amount contributed \$ 9,182 and \$ 9,631 to various social security schemes that have been recognised as an expense in the Statement of Comprehensive Income for the year ended March 31, 2020 and 2019 respectively.

Further the expense has been grouped with selling expense on the basis of function amounting to US \$ 124,181 (previous year US \$ 124,362).

NOTE O - SUBSEQUENT EVENTS

The Company has evaluated that there are no subsequent events that require disclosure under FASB ASC 855, '*Subsequent Events*'.

NOTE P – COVID 19

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in assessing the carrying amounts of inventories, receivables, and other current assets. The Company expects the carrying amount of these assets will be recovered and sufficient liquidity is available to fund the business operations for at least another 12 months. Given the uncertainty because of COVID-19, the final impact on the Company's assets in future may differ from that estimated as at the date of approval of these financial statements.

NOTE Q - AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended March 31, 2020 were authorised and approved for issue by the board of directors on June 16, 2020.

For and on behalf of Board of Directors

Director

Rico Auto Industries Inc., USA				
Trial Balance as on 31/03/2020		USD Rate Applied		75.05
F.Y. 2019-20				
Particulars	Debit Amount		Credit Amount	
	INR	USD	INR	USD
Computer	286809	3821.57		
Accumulated depreciation - Computer	0		249016	3318.00
Goods in Transit	134877561	1797169.37		
Components - Indigenous	0			
Packing Materials - Indigenous	0			
Components - Imported - Rico Stock	197923800	2637225.85		
Component -Tooling Stock	0	0.00		
Trade Payables - Rico Auto			341875062	4555297.29
Capital A/c	0		1216850	25000.00
Retained Earnings	0		254995209	3686824.07
Profit & Loss Appropriation a/c	0		5858674	78063.61
ICICI Bank	1123661	14972.17		
Trade receivables - Domestic	310782392	4141004.56		
Custom Duty Refundable	4806768	64047.54		
Income tax Refund	0	0.00		
Provision for Income Tax (Current Year)	0	0.00	4973501	66269.17
Security Deposit Recoverable	71298	950.00		
Advance Tax (Non Current Assets)	4127750	55000.00		
Expenses Payables	0		1995354	26587.00
Income tax For the Year (P/L)	5617439	79130.00		
Deferred Tax (P/L)	0	0.00		
Prepaid Expenses	664472	8853.72		
Trade Payables - Domestic	0	0.00	6128936	81664.71
Prov. Recoverable - Reserve for Bad Debts	0		0	0.00
Advance from Customer	0	0.00	0	0.00
Advance to Rico Auto	411595	5484.28		
Deffered Tax Liability	0	0.00	2322272	30943.00
Sales - Tooling			0	0.00
Sales - Components			1397766812	19689629.70
Sales - Scrap			0	0.00
Other Income			0	0.00
Component -Tooling Consumed	0	0.00		
Components Imported - Consumed	1344790362	18943377.41		
Bank Charges	411742	5800.00		
Short & Excess / Rounded off /General Exp.	44275	623.68		
Warehousing expenses	14253327	200779.36		
Consumables Ind-Consumed	0	0.00		
Components - Ind Consumed	0	0.00		
Packing Materials - Indigenous - Consumed	0	0.00		
Custom Clearing Charges	0	0.00		
Bond Service & Premium	0	0.00		
Audit Expenses	651759	9181.00		
Line Rejection expenses	0	0.00		
Rework Expenses	0	0.00		
Job work Expenses	0	0.00		
Administration Expenses	0	0.00		
Fees & Taxes	67740	954.22		
Income Tax 2014-15	0	0.00		
Discount Allowed	0	0.00		
Postage & Telegram	112288	1581.75		
Printing & Stationary	23775	334.91		
Rent	809286	11400.00		
Insurance	1000038	14087.03		
Bank Interest - JPMorgan/ Eaton	0	0.00		
Sales Promotion	4828473	68016.24		
Telephone Expenses	443196	6243.07		
Professional Expenses	3306484	46576.76		
Travelling expenses	90412	1273.59		
Conveyance Expenses	80645	1136.00		
Salary	8163847	114999.96		
Employers contribution	651795	9181.51		
	0	0.00		
Provi. For Uncollectible D/D	0	0.00		
Freight Charges	0	0.00		
Depreciation-Computer	27757	391.00		
Balance Written Off	0	0.00		
Total	2040450747	28243596.55	2017381687	28243596.55
		0.00	(2,30,69,059.96)	
Closing Rate		75.05		
- Average Rate for CTR		70.99		

Rico Auto Industries Inc., USA
Profit & Loss Account as on 31/03/2020

Particulars	Schedule No.	@ 70.99		@ 69.87	
		Period Ended Mar 31, 2020 - US\$	Period Ended Mar 31, 2020 - INR	Period Ended Mar 31, 2019 - US\$	Period Ended Mar 31, 2019 - INR
		Provisional	Provisional	Audited	Audited
INCOME					
Sales - Components	12	19689630	1397766812	20103900	1404659512
Sales - Scrap					
Sales - Tooling & Other Income		0	0	0	0
		19689630	1397766812	20103900	1404659512
EXPENDITURE					
Manufacturing & Other Expenses	13	19429746	1379317719	19730572	1378575069
Financial Charges	14	5800	411742	5723	399854
Miscellaneous Expenditure written off		0	0	0	0
		19435546	1379729461	19736295	1378974923
Profit before Depreciation		254083	18037351	367606	25684589
Depreciation		391	27757	391	27319
Profit After Depreciation		253692	18009594	367215	25657269
		1.29%	1.29%	1.83%	1.83%
Provision for Income Tax		79130	5617439	146386	10228019
Provision for Deferred Tax		0	0	0	0
Reversal of Deffered Tax Assets		0	0	0	0
Profit After Tax		174562	12392155	220828	15429250
Less : Previous Year Income tax paid		0	0	0	0
Amount Available for Appropriations		174562	12392155	220828	15429250
	%	0.89%	0.89%	1.10%	1.10%
APPROPRIATIONS					
Balance carried over to Balance Sheet		174562	12392155	220828	15429250
		174562	12392155	220828	15429250

Rico Auto Industries Inc.,USA							
Schedule of Profit & Loss Account as on 31/12/2020							
Particulars		@ 70.99			@ 69.87		
		Period Ended Mar 31, 2020 - US\$	Period Ended Mar 31, 2020 - INR		Period Ended Mar 31, 2019 - US\$	Period Ended Mar 31, 2019 - INR	
		Provisional	Provisional		Audited	Audited	
Schedule 12 - Sales & other Income							
Sales - Components		1,96,89,630	1,39,77,66,812		2,01,03,900	1,40,46,59,512	
Sales - Tooling		-	-		-	-	
Sales - Other Income		-	-		-	-	
	i	1,96,89,630	1,39,77,66,812		2,01,03,900	1,40,46,59,512	
Schedule 13 - Manufacturing & Other Expenses							
Cost of Sales							
Purchases of Raw Materials		1,84,12,187	1,30,49,24,535		1,94,45,670	1,35,85,14,090	
Add : Opening Finished Goods		31,68,416	23,77,89,628		29,53,343	20,42,23,671	
Less : Closing Finished Goods		26,37,226	19,79,23,800		31,68,416	21,90,95,973	
Net Raw Materials consumed		1,89,43,377	1,34,47,90,362	96.21	1,92,30,597	1,34,36,41,789	95.66 (0.55)
Components (USA)		-	-	-	-	-	-
Purchase Tooling (Rico India)		-	-	#DIV/0!	-	-	#DIV/0! #DIV/0!
Balance Written Off		-	-	-	-	-	-
Job Work Charges		-	-	-	11,403	7,96,742	0.06 0.06
Consumables		-	-	-	-	-	-
Packing Materials		-	-	-	-	-	-
Warehousing Expenses	b	2,00,779	1,42,53,327	1.02	2,03,464	1,42,15,998	1.01 (0.01)
		1,91,44,157	1,35,90,43,689		1,94,45,463	1,35,86,54,528	
Administrative Expenses							
Inspection & Rework Expenses		-	-	-	-	-	-
Testing Expenses		-	-	-	-	-	-
Audit Fees		9,181	6,51,759	0.05	9,590	6,70,053	0.05 0.00
Legal & Professional	g	46,577	33,06,484	0.24	43,225	30,20,136	0.22 (0.02)
Fees & Taxes		954	67,740	0.00	1,570	1,09,698	0.01 0.00
Rent		11,400	8,09,286	0.06	11,400	7,96,518	0.06 (0.00)
Insurance (Warehouse & Worker Policy)	f	14,087	10,00,038	0.07	14,888	10,40,228	0.07 0.00
Bond service & premium		-	-	-	550	38,429	0.00 0.00
Administration Expenses		-	-	-	4,000	2,79,480	0.02 0.02
		82,199	58,35,308		85,223	59,54,541	
General Expenses							
Travelling Expenses		2,410	1,71,073	0.01	6,211	4,33,978	0.03 0.02
Printing & Stationary		335	23,775	0.00	-	-	- (0.00)
Telephone Expenses		6,243	4,43,196	0.03	6,112	4,27,020	0.03 (0.00)
Postage & Courier		1,582	1,12,288	0.01	410	28,655	0.00 (0.01)
General Expenses + Short & Excess		624	44,275	0.00	(259)	(18,114)	(0.00) (0.00)
		11,193	7,94,607		12,473	8,71,539	
Income Tax paid							
		-	-	-	-	-	-
Selling Expenses							
Sales Promotion		68,016	48,28,473	0.35	49,844	34,82,589	0.25 (0.10)
Freight Charges		-	-	-	-	-	-
Freight Charges		-	-	-	13,206	9,22,715	0.07 0.07
Clearing & Forwarding		-	-	-	-	-	-
Income Tax Refund 31.03.18		-	-	-	-	-	-
Salaries (Jeffrey Thielen)	h	1,24,181	88,15,643	0.63	1,24,362	86,89,157	0.62 (0.01)
Provi. For Uncollectible D/D		-	-	-	-	-	-
		1,92,198	1,36,44,115		1,87,412	1,30,94,461	
		1,94,29,746	1,37,93,17,719		1,97,30,572	1,37,85,75,069	
Schedule 14 - Financial Charges							
Bank Interest - JPMorgan		-	-	-	168	11,726	0.00 0.00
Bank Charges		5,800	4,11,742	0.03	5,555	3,88,128	0.03 (0.00)
		5,800	4,11,742	2.50	5,723	3,99,854	2.52 0.02
				98.71			98.17 0.54

Rico Auto Industries Inc.,USA					
Balance Sheet as on 31/12/2020					
Particulars	Schedule No.	@ 70.99		@ 69.87	
		As at Mar 31, 2020 - US\$	Period Ended Mar 31, 2020 - INR	As at Mar 31, 2019 - US\$	Period Ended Mar 31, 2019 - INR
		Provisional	Provisional	Audited	Audited
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
Share Capital	1	25000	1216850	25000	1216850
Exchange Equilisation Reserve			23069060		31389410
Reserves & Surplus	2	3939450	273246038	3764888	229464455
Loan Funds	3	0	0	0	0
TOTAL		3964450	297531948	3789888	262070716
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	3822	286809	3822	264262
Less : Depreciation		3318	249016	2927	202402
Net Block		504	37793	895	61860
INVESTMENTS	5	0	0	0	0
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	4434395	332801361	5086503	351731654
Account Receivables	7	4146489	311193987	3609502	249597065
Cash & Bank Balances	8	14972	1123645	48359	3343986
Loans & Advances	9	128851	9670287	158088	10931755
		8724707	654789281	8902451	615604460
Less : Current Liabilities & Provisions	10	4760761	357295126	5113458	353595604
Net Current Assets		3963946	297494155	3788993	262008856
Deffered Tax Assets		0	0	0	0
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11	0	0	0	0
TOTAL		3964450	297531948	3789888	262070716

Rico Auto Industries Inc., USA					
Schedule of Balance Sheet as on 31/12/2020					
Particulars	@ 70.99		@ 69.87		
	As at Mar 31, 2020 - US\$ Provisional	Period Ended Mar 31, 2020 - INR Provisional	As at March 31, 2019 - US\$ Audited	As at March 31, 2019 - INR 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	3764888	260853883	3544059	214035205	
Add : Transferred from Profit & Loss Account	174562	12392155	220828	15429250	
	3939450	273246038	3764888	229464455	
Schedule 3- Loan Funds					
	0	0.00	0	0	
	0	0	0	0	
Schedule 4- Fixed Assets					
	3822	286809	3822	264262	
	3822	286809	2449	149503	
Schedule 5- Investments					
	0	0	0	0	
	0	0	0	0	
Schedule 6- Inventories					
(As valued and certified by the Management)					
Goods in Transit	1797169	134877561	1918087	132635681	
Finished Goods	2637226	197923800	3168416	219095973	
Packing Materials	0	0	0	0	
	4434395	332801361	5086503	351731654	
Schedule 7 - Sundry Debtors					
(Unsecured considered good)					
Advance to Vendors	5484	411595	0	0	
Other Debts	d 4141005	310782392	3609502	249597065	
Less : Provision for Uncollectibles	0	0	0	0	
	4146489	311193987	3609502	249597065	
Schedule 8 - Cash and bank Balances					
Balances with scheduled banks					
In current accounts	14972	1123645	48359	3343986	
	14972	1123645	48359	3343986	
Schedule 9 - Loans and Advances					
(Unsecured considered good)					
Advances recoverable in cash or in kind or for value to be received	e 8854	664471.69	10099	698344	
Security Deposit Refundable	j 950	71298	950	65693	
Custom Duty Refundable	64048	4806768	22039	1523969	
Advance Tax (Non Current Assets)	55000	4127750	125000	8643750	
	128851	9670287	158088	10931755	
Schedule 10 - Current Liabilities and Provisions					
Sundry Creditors - Trade					
Advance from Customer	c 0	348003998	4956956	342773479	
Expenses Payable	a 26587	1995354	13420	927993	
Deferred Tax Liability	30943	2322272	17076	1180805	
Income Tax Provision- for the year till date	66269	4973501	126006	8713327	
	4760761	357295126	5113458	353595604	
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 2020
FOR
RICO AUTO INDUSTRIES (UK) LIMITED**

RICO AUTO INDUSTRIES (UK) LIMITED
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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RICO AUTO INDUSTRIES (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020**

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 2020

The directors present their strategic report for the year ended 31 March 2020.

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 94.1% from £10,596,763 to £625,712. Operating profit has decreased by 146.6% and the company has reported an operating loss of £37,653 (2019: Profit of £80,719). Shareholders' funds have decreased by 4.9% from £762,237 to £724,584. A significant change during the year has been that the supplies to BMW Germany are now made directly from Rico India instead of Rico UK. BMW Germany was the biggest customer for Rico UK. Accordingly sales are now recorded in Rico India books and as a consequence Rico UK's revenues have dropped significantly.

The directors intend to promote the principal activities and continue to seek growth through enhanced procedures and 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.

BUSINESS RISK

As at the balance sheet date, the COVID-19 outbreak escalated to pandemic status within the UK. 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 affected by the Government coronavirus measures.

The full financial impact of the pandemic for 2020/21 is impossible to predict with a high degree of certainty. 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.

ON BEHALF OF THE BOARD:

Rakesh Kumar Sharma - Director

17 June 2020

RICO AUTO INDUSTRIES (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Arvind Kapur
OM Prakash Aggarwal
Shri Naresh Kumar Sethi

Other changes in directors holding office are as follows:

Sandeep Rajpal - appointed 1 August 2019
Rakesh Kumar Sharma - appointed 1 August 2019

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 2020**

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

17 June 2020

**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 2020 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 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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.

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

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 three, 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.

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.

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.

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

Date:

RICO AUTO INDUSTRIES (UK) LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

		2020	2019
	Notes	£	as restated £
TURNOVER	3	625,712	10,596,763
Cost of sales		<u>(622,867)</u>	<u>(10,039,249)</u>
GROSS PROFIT		2,845	557,514
Administrative expenses		<u>(40,498)</u>	<u>(476,795)</u>
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION		(37,653)	80,719
Tax on (loss)/profit	6	<u>-</u>	<u>(15,346)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(37,653)</u>	<u>65,373</u>

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
Notes	£	as restated £
(LOSS)/PROFIT FOR THE YEAR	(37,653)	65,373
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(37,653)</u>	<u>65,373</u>

The notes form part of these financial statements

BALANCE SHEET
31 MARCH 2020

	Notes	2020 £	2019 as restated £
FIXED ASSETS			
Tangible assets	8	380	402
CURRENT ASSETS			
Stocks	9	146,466	288,156
Debtors	10	668,010	1,935,059
Cash in hand		26,593	92,022
		<u>841,069</u>	<u>2,315,237</u>
CREDITORS			
Amounts falling due within one year	11	(116,865)	(1,553,402)
NET CURRENT ASSETS			
		<u>724,204</u>	<u>761,835</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u><u>724,584</u></u>	<u><u>762,237</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	20,000	20,000
Retained earnings	14	704,584	742,237
SHAREHOLDERS' FUNDS			
		<u><u>724,584</u></u>	<u><u>762,237</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 17 June 2020 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 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	20,000	676,864	696,864
Changes in equity			
Total comprehensive income	-	65,373	65,373
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	20,000	742,237	762,237
	<hr/>	<hr/>	<hr/>
Changes in equity			
Total comprehensive income	-	(37,653)	(37,653)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	<u>20,000</u>	<u>704,584</u>	<u>724,584</u>

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

		2020	2019
	Notes	£	as restated £
Cash flows from operating activities			
Cash generated from operations	1	1,883,912	1,340,069
Tax paid		(15,346)	(13,879)
Net cash from operating activities		1,868,566	1,326,190
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(289)
Net cash from investing activities		-	(289)
Cash flows from financing activities			
Amounts (to)/from group undertakings		(1,933,995)	(1,612,638)
Net cash from financing activities		(1,933,995)	(1,612,638)
Decrease in cash and cash equivalents		(65,429)	(286,737)
Cash and cash equivalents at beginning of year	2	92,022	378,759
Cash and cash equivalents at end of year	2	26,593	92,022

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 2020

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019 as restated
	£	£
(Loss)/profit before taxation	(37,653)	80,719
Depreciation charges	22	49
	<u>(37,631)</u>	<u>80,768</u>
Decrease in stocks	141,690	1,829,833
Decrease/(increase) in trade and other debtors	1,810,338	(378,829)
Decrease in trade and other creditors	(30,485)	(191,703)
	<u>1,883,912</u>	<u>1,340,069</u>
Cash generated from operations	1,883,912	1,340,069

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 2020

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

Year ended 31 March 2019

	31/3/19	1/4/18
	£	£
Cash and cash equivalents	92,022	378,759

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/19	Cash flow	At 31/3/20
	£	£	£
Net cash			
Cash at bank and in hand	92,022	(65,429)	26,593
	<u>92,022</u>	<u>(65,429)</u>	<u>26,593</u>
Total	92,022	(65,429)	26,593

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 2020**

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 (2019 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019 as restated
	£	£
United Kingdom	68,631	95,823
Europe	557,081	10,500,940
	<hr/> 625,712 <hr/>	<hr/> 10,596,763 <hr/>

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

4. EMPLOYEES AND DIRECTORS

	2020	2019 as restated
	£	£
Wages and salaries	30,726	30,200
Social security costs	-	5
Other pension costs	922	604
	<u>31,648</u>	<u>30,809</u>

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

	2020	2019 as restated
General Administration	<u>1</u>	<u>1</u>

	2020	2019 as restated
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. OPERATING (LOSS)/PROFIT

The operating loss (2019 - operating profit) is stated after charging/(crediting):

	2020	2019 as restated
	£	£
Depreciation - owned assets	22	49
Auditors' remuneration	6,733	6,110
Foreign exchange differences	<u>(20,508)</u>	<u>(15,760)</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2020	2019 as restated
	£	£
Current tax:		
UK corporation tax	<u>-</u>	<u>15,346</u>
Tax on (loss)/profit	<u>-</u>	<u>15,346</u>

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2020	2019 as restated
	£	£
(Loss)/profit before tax	(37,653)	80,719
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 0% (2019 - 19%)	-	15,337
Effects of: Other adjustments	-	9
Total tax charge	-	15,346

7. PRIOR YEAR ADJUSTMENT

Change of presentational currency from Indian Rupees to Pound Sterling:

In prior years, the financial statements were presented in Indian Rupees. During the year, the directors have made a decision to present the financial statements in Pound Sterling. Therefore, prior year figures have been restated and presented in Pound Sterling.

Consequently, the exchange differences on translation of share capital and retained earnings at year end from Pound Sterling to Indian Rupees, previously shown under movement in reserves as Exchange equalisation reserves are no longer required.

Foreign exchange (gains)/losses:

The exchange gains arising in prior years were included in other income, which are now reclassified, netted off against exchange losses and reported as part of operating profit, in line with FRS 102.

For the current year, the exchange gain amounts to £73,641 (2019: £247,805) and the exchange loss is £53,133 (2019: £232,045). The net gain of £20,508 (2019: £15,760) has been reported as part of operating profit. There is no impact on the overall profit for both years due to this presentational change.

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2019 and 31 March 2020	<u>1,171</u>	<u>3,996</u>	<u>5,167</u>
DEPRECIATION			
At 1 April 2019	1,125	3,640	4,765
Charge for year	<u>7</u>	<u>15</u>	<u>22</u>
At 31 March 2020	<u>1,132</u>	<u>3,655</u>	<u>4,787</u>
NET BOOK VALUE			
At 31 March 2020	<u>39</u>	<u>341</u>	<u>380</u>
At 31 March 2019	<u>46</u>	<u>356</u>	<u>402</u>

9. STOCKS

	2020 £	2019 as restated £
Components-Imported	144,974	137,186
Goods in transit	<u>1,492</u>	<u>150,970</u>
	<u>146,466</u>	<u>288,156</u>

10. DEBTORS

	2020 £	2019 as restated £
Amounts falling due within one year:		
Trade debtors	120,349	1,928,647
Amounts owed by group undertakings	543,289	-
VAT	305	2,493
Prepayments	<u>1,935</u>	<u>1,787</u>
	<u>665,878</u>	<u>1,932,927</u>
Amounts falling due after more than one year:		
Other debtors	<u>2,132</u>	<u>2,132</u>
Aggregate amounts	<u>668,010</u>	<u>1,935,059</u>

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019 as restated
	£	£
Trade creditors	105,563	138,408
Amounts owed to group undertakings	-	1,390,706
Corporation Tax	-	15,346
Social security and other taxes	772	1,360
Other creditors	1,795	-
Accrued expenses	8,735	7,582
	116,865	1,553,402
	116,865	1,553,402

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019 as restated
	£	£
Between one and five years	11,715	8,956
	11,715	8,956

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019 as restated
			£	£
20,000	Ordinary shares	1	20,000	20,000
			20,000	20,000

14. RESERVES

		Retained earnings
		£
At 1 April 2019		742,237
Deficit for the year		(37,653)
		704,584
At 31 March 2020		704,584

15. RELATED PARTY DISCLOSURES

During the year the company made purchases of £583,134 (2019: £9,012,157) from Rico Auto Industries Limited.

As at the balance sheet date, the company was owed £543,289 from (2019: £1,390,706 owed to) Rico Auto Industries Limited and included within debtors (2019: creditors). The receivable (2019: payable) is unsecured, no guarantees have been received and is due in 30 days (2019: 30 days).

All transactions were at arms length.

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

16. POST BALANCE SHEET EVENTS

In light of the COVID-19 pandemic, the Company has considered whether any adjustments are required to the reported amounts in the financial statements.

To the extent that there were indicators of some level of disruption observable at the balance sheet date, these have been factored in to the Company's financial statements as at 31 March 2020.

17. 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 2020

	2020		2019 as restated	
	£	£	£	£
Sales		625,712		10,596,763
Cost of sales				
Purchases	580,648		9,650,266	
Warehousing expenses	42,219		388,983	
		<u>622,867</u>		<u>10,039,249</u>
GROSS PROFIT		2,845		557,514
Expenditure				
Wages and salaries	30,726		30,200	
Social security	-		5	
Pensions	922		604	
Telephone expenses	1,569		2,218	
Printing and stationery	341		330	
Advertisement expenses	11,885		140,206	
Travelling expenses	-		475	
Insurance	1,918		2,945	
Rent and rates	11,715		11,715	
Custom and duty cost	1,651		289,140	
Sundry expenses	-		653	
Legal and professional fees	2,788		5,470	
Auditors' remuneration	6,733		6,110	
Foreign exchange (gain)/loss	(20,508)		(15,760)	
Bad debts	(11,098)		-	
		<u>38,642</u>		<u>474,311</u>
		(35,797)		83,203
Finance costs				
Bank charges		<u>1,834</u>		<u>2,435</u>
		(37,631)		80,768
Depreciation				
Fixtures and fittings	7		7	
Computer equipment	15		42	
		<u>22</u>		<u>49</u>
NET (LOSS)/PROFIT		(37,653)		<u>80,719</u>

This page does not form part of the statutory financial statements

Rico Auto Industries (UK) Limited, UK				
Trial Balance as on 31/03/2020				
Particulars	Debit Amount		Credit Amount	
	INR	Total GBP	INR	Total GBP
Furniture & Fixtures	85,514.45	929.00		
Office Equipment	22,271.50	241.95		
Computers	3,67,839.16	3,996.08		
Accumulated Dep - Furniture & Fixtures			82,534.79	896.63
Accumulated Dep - Office Equipments			21,033.43	228.50
Accumulated Dep - Computers			3,37,068.69	3,661.80
Goods in Transit	1,37,417.76	1,492.86		
Components - Stocks- Rico	1,33,44,817.12	1,44,973.57		
Components - Tooling Stock	-	-		
Capital A/c			16,28,400.00	20,000.00
Retained Earnings			6,70,79,688.00	7,42,237.49
Trade receivables	65,28,258.72	70,920.79		
Barclays bank - GBP account	5,95,444.76	6,468.71		
Barclays bank - EURO account	87,606.75	951.73		
Barclays bank - USD account	17,64,781.68	19,171.99		
Prepaid Expenses	1,78,098.34	1,934.80		
VAT Deferment	-	-	2,51,348.05	2,730.56
Expenses Payable	-	-	8,04,080.68	8,735.26
Security Deposit - refundable	1,96,278.22	2,132.30		
Salary Payable	-	-	1,65,211.34	1,794.80
Vat Refundable	2,79,406.73	3,035.38	-	-
TDS Payable - Salaries	-	-	23,435.93	254.60
N I Payable-Salaries / NEST	-	-	47,657.97	517.74
Prov. For Uncollectible	-	-	19,32,047.58	20,989.11
Trade Payables -			9,83,255.09	10,681.75
Rico Auto, India A/c	4,70,67,540.81	5,11,325.81	-	-
Advance from Customer			22,51,780.49	24,462.58
Advance to Rico Auto	29,42,223.61	31,963.32		
Income tax Provision	-	-		
Income tax - for the year			-	-
Sales Component A/c			5,62,72,488.14	6,25,712.20
Sales Tooling Rico India			-	-
Other Income			66,22,801.87	73,641.10
Components Imported - Consumed	5,16,08,779.65	5,73,854.90		
Components Impo - Consumed (Tooling)	-	-		
Consumables - Inde Consumed	-	-		
Packing Material - Inde Consumed	-	-		
Tooling Expenses	-	-		
Clearing Expenses	-	-		
Rework & Line Rejection Expenses	-	-		
Fees & Taxes	1,48,452.33	1,650.69		
Rent	10,53,592.54	11,715.24		
Travelling & Conveyance	-	-		
Telephone Expenses	1,41,070.59	1,568.61		
Postage & Telegram	6,682.06	74.30		
Insurance	1,72,492.45	1,918.00		
Printing & Stationary	24,023.94	267.13		
Interest - JPMorgan	-	-		
Audit Expenses	6,05,522.26	6,733.00		
Rework Charges	(9,98,080.18)	(11,097.98)		
Salary	27,63,329.10	30,726.36		
Labour & Staff Welfa	42,957.64	477.66		
National Insurance	-	-		
NEST Expense	82,900.70	921.80		
Freight & Cartage	6,16,449.18	6,854.50		
	-	-		
Sales Promotion	10,25,875.03	11,407.04		
Bank Charges	1,64,977.61	1,834.44		
Short & Excess	(5,597.46)	(62.24)		
General Expenses	-	-		
Depreciation	-	-		
Depreciation - Furniture & Fixtures	-	-		
Depreciation - Office Equipments	-	-		
Depreciation - Computers	1,978.54	22.00		
	-	-		
Foreign Exchange Fluctuations	47,78,433.06	53,132.96		
Warehousing Expenses	37,96,933.01	42,219.34		
Professional Expenses	2,50,741.79	2,788.08		
Total	13,98,79,013.41	15,36,544.12	13,85,02,832.03	15,36,544.12
			(13,76,181.37)	

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

Particulars	Schedule No.	@ 89.93		@ 91.72	
		For the Year ended Mar 31, 2020-GBP (Provisional)	For the Year ended Mar 31, 2020-INR (Provisional)	For the Year ended March 31, 2019-GBP (Provisional)	For the Year ended March 31, 2019-INR (Provisional)
INCOME					
Sales	12	699353	62895290	10844568	994672442
		699353	62895290	10844568	994672442
EXPENDITURE					
Manufacturing & Other Expenses	13	735149	66114558	10761366	987041114
Financial Charges	14	1834	164978	2435	223343
		736984	66279535	10763801	987264457
Profit before Depreciation		-37631	-3384245	80767	7407985
		-5.38%	-5.38%	0.74%	0.74%
Depreciation	22	22	1979	49	4494
Profit After Depreciation		-37653	-3386224	80718	7403490
Provision for Income Tax		0	0	15346	1407547
Profit After Tax		-37653	-3386224	65372	5995943
Less : Previous Year Income tax Paid		0	0	0	0
Amount Available for Appropriations		-37653	-3386224	65372	5995943
	%	-5.38%	-5.38%	0.60%	0.60%
APPROPRIATIONS					
Balance carried over to Balance Sheet		-37653	-3386224	65372	5995943
		-37653	-3386224	65372	5995943

Rico Auto Industries (UK) Limited						
Schedules to Profit & Loss Account						
Particulars	@ 89.93			@ 91.7208		
	For the Year ended Mar 31, 2020-GBP (Provisional)	For the Year ended Mar 31, 2020-INR (Provisional)	% age	For the Year ended March 31, 2019-GBP (Audited)	For the Year ended March 31, 2019-INR (Audited)	% age
Schedule 12 - Sales & other Income						
Sales Component	625712	56272488		10596763	971943590	
Sales Tooling - Rico India	0	0		0	0	
Other Income	73641	6622802		247805	22728852	
				0	0	
	699353	62895290		10844568	994672442	
Schedule 13 - Manufacturing & Other Expenses						
Purchase of Raw Materials & Components	573855	51608780	91.71	9642802	884445524	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	2763329	4.91	30200	2769988	0.28
Labour & Staff Welfare	478	42958	0.08	225	20637	0.00
Legal & Professional Expenses	2788	250742	0.45	5470	501736	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	42219	3796933	6.75	388983	35677874	3.67
Rent	11715	1053593	1.87	11715	1074531	0.11
Audit Charges	6733	605522	1.08	6110	560414	0.06
Income Tax Matter	-11098	-998080	-1.77	0	0	0.00
Travelling & Conveyance Expenses	0	0	0.00	475	43567	0.00
Printing & Stationery	267	24024	0.04	227	20856	0.00
Postage & Telegram	74	6682	0.01	103	9455	0.00
Insurance	1918	172492	0.31	2945	270132	0.03
National Insurance a/c	0	0	0.00	5	466	0.00
NEST Expense	922	82901	0.15	604	55400	0.01
Inspection Charges	0	0	0.00	0	0	0.00
Telephone Expenses	1569	141071	0.25	2218	203469	0.02
Business Promotion	11407	1025875	1.82	139981	12839142	1.32
Fees & Taxes	1651	148452	0.26	289140	26520139	2.73
Freight & Cartages	6855	616449	1.10	7463	684492	0.07
General Expenses	-62	-5597	-0.01	654	59994	0.01
Foreign Exchange Fluctuations	53133	4778433	8.49	232044	21283297	2.19
			0.00			0.00
	735149	66114558		10761366	987041114	
Schedule 14 - Financial Charges						
Bank Charges	1834	164978	0.29	2435	223343	0.02
Interest A/c. (JP Morgan)	0	0	0.00	0	0	0.00
	1834	164978		2435	223343	
			26.07			8.25

Rico Auto Industries (UK) Limited, UK					
Balance Sheet					
		@ 92.05		@ 90.14	
Particulars	Schedule No.	For the Year ended Mar 31, 2020-GBP (Provisional)	For the Year ended Mar 31, 2020-INR (Provisional)	For the Year ended March 31, 2019-GBP (Audited)	For the Year ended March 31, 2019-INR (Audited)
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
Share Capital	1	20000	1628400	20000	1628400
Exchange Equalisation Reserve					
Reserves & Surplus	2	704585	65069646	742237	67079617
Loan Funds	3	0		0	
TOTAL		724585	66698046	762237	68708017
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	5167	475625	5167	465756
Less : Depreciation		4787	440637	4765	429511
Net Block		380	34988	402	36245
INVESTMENTS	5	0	0	0	0
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	146466	13482235	288156	25974386
Sundry Debtors	7	81895	7538435	1928647	173848247
Cash & Bank Balances	8	26592	2447833	92023	8294910
Loans & Advances	9	4067	374377	3919	353260
		259021	23842879	2312745	208470803
Less : Current Liabilities & Provisions	10	-465184	-42820178	1550910	139799031
Net Current Assets		724205	66663057	761835	68671772
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11				
TOTAL		724585	66698046	762237	68708017
		0	0	0	0

Rico Auto Industries (UK) Limited, UK				
Schedules to Balance Sheet				
	@ 92.05		@ 90.14	
Particulars	As at Mar 31, 2020-GBP	As at Mar 31, 2020-INR	As at March 31, 2019-GBP	As at March 31, 2019-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 (Previous Year - 20000 Equity Shares GBP 1 Par)	20000	1628400	20000	1628400
	20000	1628400	20000	1628400
Schedule 2 - Reserves & Schedules				
SURPLUS				
As per Last Balance Sheet	742237	67079688	676865	65782317
Exchange Diff		1376181		-4698643
Add : Transferred from Profit & Loss Account	-37653	-3386224	65372	5995943
	704585	65069646	742237	67079617
Schedule 3- Loan Funds				
	0	0	0	0
	0	0	0	0
Schedule 4- Fixed Assets				
Gross block	5167	475625	5167	465756
Less : Accumulated Depreciation	4787	440637	4765	429511
Net Block	380	34988	402	36245
Schedule 5- Investments				
	0	0	0	0
	0	0	0	0
Schedule 6- Inventories				
(As valued and certified by the Management)				
Goods in Transit	1493	137418	150970	13608464
Finished Goods	144974	13344817	137186	12365923
Component - Tooling Stock	0	0	0	0
	146466	13482235	288156	25974386
Schedule 7 - Sundry Debtors				
(Unsecured considered good)				
Debts outstanding for a period exceeding six months	0	0	0	0
Advance to Vendors	31963	2942224		
Trade Debtors	70921	6528259	1928647	173848247
Less : Provision for Uncollectibles	-20989	-1932048		
	81895	7538435	1928647	173848247
Schedule 8 - Cash and bank Balances				
Balances with scheduled banks				
In current accounts	26592	2447833	92023	8294910
	26592	2447833	92023	8294910
Schedule 9 - Loans and Advances				
(Unsecured considered good)				
Advances recoverable in cash or in kind or for value to be received	1935	178098	1787	161054
Security Deposits	2132	196278	2132	192206
	4067	374377	3919	353260
Schedule 10 - Current Liabilities and Provisions				
Sundry Creditors				
Rico Auto Industries Ltd.	-511326	-47067541	1390706	125358209
Advance from Customer	24463	2251780		
Other Trade-Payables	10682	983255	138409	12476155
VAT Payable / Refundable	-305	-28059	-2492	-224617
Provision for Income Tax	0	0	15346	1383288
TDS Payable	255	23436	749	67551
National Insurance payable	518	47658	610	55003
Expenses Payable	10530	969292	7582	683441
	-465184	-42820178	1550910	139799031

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 2020, 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 2020, 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 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.

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

Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited, on the financial statements for the year ended March 31, 2020 (Cont'd)

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;
 - 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;

Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited, on the financial statements for the year ended March 31, 2020 (Cont'd)

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.

Other Matter

11. The financial statements of the Company for the year ended 31 March 2019 were audited by the predecessor auditor, S.R. Batliboi & Co. LLP, who have expressed an unmodified opinion on those financial statements vide their audit report dated May 28, 2019.

Report on Other Legal and Regulatory Requirements

12. 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.
13. 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.
14. 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 2020 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 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 16 June 2020 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 30 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2020;
 - 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 2020;
 - 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 2020; and

Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited, on the financial statements for the year ended March 31, 2020 (Cont'd)

- 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 standalone 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
Partner
Membership No.: 517273

UDIN No.: 20517273AAAADC9695

Place: New Delhi
Date: 16 June 2020

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 March 31, 2020

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, except for goods-in-transit. 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;
 - (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 Sections 185 and 186 of the Act in respect of loans, investments, 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.

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 March 31, 2019 (Cont'd)

- 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:

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise Duty	3,050,706	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.

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 March 31, 2019 (Cont'd)

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

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

Arun Tandon
Partner
Membership No.: 517273

UDIN No.: 20517273AAAADC9695

Place: New Delhi
Date: 16 June 2020

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 2020

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 2020, 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

Annexure B to the Independent Auditor's Report of even date to the members of Rico Fluidtronics Limited on the standalone financial statements for the year ended 31st March, 2020 (Cont'd)

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 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 controls were operating effectively as at 31 March 2020, 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 Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

UDIN No.: 20517273AAAADC9695

Place: New Delhi
Date: 16 June 2020

Rico Fluidtronics Limited
Balance sheet as at March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
(a) Property, plant and equipment	4	186,356,004	139,714,583
(b) Capital work-in-progress	4	16,162,295	6,302,530
(c) Intangible assets	4	1,524,576	5,554,410
(d) Financial assets			
(i) Investments	5	95,000,000	-
(ii) Loans	6	120,000,000	-
(iii) Other financial assets	7	3,563,775	41,425,240
(e) Other non-current assets	8	4,361,819	2,280,948
(f) Deferred tax assets (net)	27	7,718,458	2,407,911
Total non-current assets		434,686,927	197,685,622
Current assets			
(a) Inventories	9	34,557,604	33,370,501
(b) Financial assets			
(i) Trade receivables	10	163,767,188	169,547,119
(ii) Cash and cash equivalents	11	93,521,811	222,982,644
(iii) Bank balance other than (ii) above	12	-	7,500,000
(iv) Other financial assets	7	36,797,262	5,738,617
(c) Other current assets	8	3,364,166	7,034,241
Total current assets		332,008,031	446,173,122
Total assets		766,694,958	643,858,744
Equity and liabilities			
Equity			
(a) Equity share capital	13	422,400,000	422,400,000
(b) Other equity	14	60,602,629	66,569,372
Total equity		483,002,629	488,969,372
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	18	76,597,975	-
(b) Provisions	15	4,015,688	3,845,375
(c) Other non-current liabilities	16	1,510,842	1,768,337
Total non-current liabilities		82,124,505	5,613,712
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	17	162,573,511	128,665,477
(ii) Other financial liabilities	18	13,546,878	4,860,298
(b) Other current liabilities	16	9,416,878	8,941,716
(c) Provisions	15	3,808,557	3,567,357
(d) Current tax liabilities (net)		12,222,000	3,240,812
Total current liabilities		201,567,824	149,275,660
Total equity and liabilities		766,694,958	643,858,744

Summary of significant accounting policies and other explanatory information

1 to 44

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

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

Place: Gurugram
Date: June 16, 2020

Brajesh Kumar
Company Secretary

Sanjit Kumar Jana
Chief Financial Officer

Rico Fluidtronics Limited
Statement of profit and loss for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Revenue from operations	19	789,572,711	925,402,689
Other income	20	18,924,845	16,119,505
Total revenue		808,497,556	941,522,194
Expenses			
(a) Cost of material consumed	21	534,033,266	645,662,296
(b) Cost of engineering services		82,141	26,810,021
(c) Changes in inventories of finished goods, work-in-progress and tooling stock	22	147,522	(6,794,903)
(d) Employee benefits expense	23	59,496,961	54,923,739
(e) Finance costs	24	3,097,899	-
(f) Depreciation and amortisation expense	25	43,462,654	38,388,327
(g) Other expenses	26	69,986,718	94,105,461
Total expenses		710,307,161	853,094,941
Profit before exceptional items and tax		98,190,395	88,427,253
Tax expense			
Current tax	27	32,182,390	24,029,890
Deferred tax expense/(credit)		(5,732,004)	1,342,265
Total tax expense		26,450,386	25,372,155
Profit for the year		71,740,009	63,055,098
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan obligation		1,644,673	273,198
Income tax	27	421,457	76,004
Other comprehensive income for the year		1,223,216	197,194
Total comprehensive income for the year		72,963,225	63,252,292
Earnings per share			
Basic and diluted (nominal value per share ₹ 10)	28	1.70	1.49
Summary of significant accounting policies and other explanatory information	1 to 44		

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/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

Place: Gurugram
Date: June 16, 2020

Brajesh Kumar
Company Secretary

Sanjit Kumar Jana
Chief Financial Officer

Rico Fluidtronics Limited
Cash flow statement for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flows from operating activities		
Net profit before tax	98,190,395	88,427,253
Adjustments for:		
Depreciation and amortisation expense	43,462,654	38,388,327
Interest income	(17,155,767)	(12,868,347)
Provision for warranty	2,960,243	1,767,993
Unrealised foreign exchange (gain)/loss, net	(747,121)	275,975
Export obligation deferred income	(586,082)	(773,241)
Unwinding of security deposit	(169,973)	(166,707)
Interest on lease liability	3,097,899	-
Loss on sale of property, plant and equipment	-	19,166
Operating profit before working capital changes	129,052,248	115,070,419
Movement in working capital		
Decrease in other assets	1,928,705	99,074,248
(Increase)/decrease in other financial assets	(1,907,851)	2,708,788
Decrease in trade receivables	6,573,003	47,791,772
(Increase) in inventories	(1,187,103)	(4,295,979)
Increase/(decrease) in trade payables and other liabilities	34,665,833	(73,316,405)
Increase in other financial liabilities	2,246,880	3,894,269
(Decrease) in provisions	(904,057)	(615,542)
	170,467,658	190,311,570
Direct tax paid (net of refunds)	(23,201,203)	(40,055,294)
Net cash generated from operating activities	A 147,266,455	150,256,276
B. Cash flows from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress)	(11,333,730)	(8,298,566)
Proceeds from sale of property, plant and equipment	-	60,506
Loan to related party	(150,000,000)	-
Investment in Rico Jinfei Wheels Limited	(95,000,000)	-
Movement in bank deposits	45,500,000	72,569,024
Interest received	18,036,410	11,777,357
Net cash (used) in /generated from investing activities	B (192,797,320)	76,108,321
C. Cash flows from financing activities		
Dividend paid (including dividend distribution tax)	(78,929,968)	(38,130,049)
Payment of lease liability	(5,000,000)	-
Net cash used in financing activities	C (83,929,968)	(38,130,049)
Net increase/(decrease) in cash and cash equivalents	A+B+C (129,460,833)	188,234,548
Cash and cash equivalents at the beginning of the year	222,982,644	34,748,096
Cash and cash equivalents at the close of the year	93,521,811	222,982,644

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
Partner
Membership No.: 517273

Place: Gurugram
Date: June 16, 2020

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

Kaushalendra Verma
Managing Director
DIN: 02004259

Brajesh Kumar
Company Secretary

Om Prakash Aggarwal
Director
DIN: 01537211

Sanjit Kumar Jana
Chief Financial Officer

Rico Fluidtronics Limited
Statement of change in equity for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

A. Equity share capital

	No. of shares	Amount
Balance as at March 31, 2018	42,240,000	422,400,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	42,240,000	422,400,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2020	42,240,000	422,400,000

B. Other equity

	Retained earnings	Total
Balance as at March 31, 2018	41,447,129	41,447,129
Net profit for the year	63,055,098	63,055,098
Other comprehensive income for the year (net of taxes)	197,194	197,194
Total comprehensive income for the year	63,252,292	63,252,292
Dividend on equity shares	(31,680,000)	(31,680,000)
Tax on dividend	(6,450,049)	(6,450,049)
Balance as at March 31, 2019	66,569,372	66,569,372
Net profit for the year	71,740,009	71,740,009
Other comprehensive income for the year (net of taxes)	1,223,216	1,223,216
Total comprehensive income for the year	72,963,225	72,963,225
Dividend on equity shares	(52,800,000)	(52,800,000)
Tax on dividend	(10,853,199)	(10,853,199)
Interim dividend on equity shares	(12,672,000)	(12,672,000)
Tax on dividend	(2,604,769)	(2,604,769)
Balance as at March 31, 2020	60,602,629	60,602,629

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

For **Walker Chandiok & 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

Place: Gurugram
Date: June 16, 2020

Brajesh Kumar
Company Secretary

Sanjit Kumar Jana
Chief Financial Officer

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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. 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 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 (INR), 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 Companies Act, 2013.

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

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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.

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.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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.

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, plant and equipment recognized as at April 1, 2016 measured as per previous GAAP and use that carrying value as the deemed cost of 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.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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 improvement 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 Companies Act, 2013. 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.

h) Intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at April 1, 2016 measured as per previous GAAP and use that carrying value as the deemed cost of 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.

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.

The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2019 is 9% p.a.

j) Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packing materials

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.

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.

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 value 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.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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.

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, and
- (v) Carrying values of inventories.

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 Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

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

A. Property, plant and equipment

Particulars	Leasehold improvements	Right to use asset	Furniture and fixtures	Office equipments	Computers	Dies and Moulds	Plant and Machinery	Total
Gross Block								
Balance as at March 31, 2018	7,732,642	-	1,854,720	474,253	1,818,951	2,358,205	210,952,922	225,191,693
Additions	-	-	42,017	79,190	1,813,558	-	1,393,168	3,327,933
Disposal	-	-	-	-	(1,139,323)	-	(318,672)	(1,457,995)
Balance as at March 31, 2019	7,732,642	-	1,896,737	553,443	2,493,186	2,358,205	212,027,418	227,061,631
Additions	-	83,365,803	18,000	11,712	56,000	-	2,612,726	86,064,241
Disposal	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	7,732,642	83,365,803	1,914,737	565,155	2,549,186	2,358,205	214,640,144	313,125,872
Accumulated depreciation								
Balance as at March 31, 2018	3,653,432	-	777,678	230,386	765,584	1,191,057	47,714,077	54,332,214
Charge for the year	2,747,434	-	329,368	111,393	571,092	634,381	29,999,489	34,393,157
Disposal	-	-	-	-	(1,139,324)	-	(238,999)	(1,378,323)
Balance as at March 31, 2019	6,400,866	-	1,107,046	341,779	197,352	1,825,438	77,474,567	87,347,048
Charge for the year	1,331,776	3,859,528	283,616	108,463	700,105	420,909	32,718,423	39,422,820
Disposal	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	7,732,642	3,859,528	1,390,662	450,242	897,457	2,246,347	110,192,990	126,769,868
Net block								
Balance as at March 31, 2020	-	79,506,275	524,075	114,913	1,651,729	111,858	104,447,154	186,356,004
Balance as at March 31, 2019	1,331,776	-	789,691	211,664	2,295,834	532,767	134,552,851	139,714,583

B. Capital work-in-progress*

	Amount
Capital work-in-progress as at March 31, 2020	6,302,530
Capital work-in-progress as at March 31, 2019	16,162,295

* It majorly includes expenditure on plant and machinery for manufacture of water and oil pumps.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

C. Intangible assets

Particulars	Softwares	Design and drawings	Total
Gross Block			
Balance as at March 31, 2018	3,761,120	13,969,348	17,730,468
Additions	361,000	-	361,000
Disposal	-	-	-
Balance as at March 31, 2019	4,122,120	13,969,348	18,091,468
Additions	10,000	-	10,000
Disposal	-	-	-
Balance as at March 31, 2020	4,132,120	13,969,348	18,101,468
Accumulated amortisation			
Balance as at March 31, 2018	1,853,822	6,688,065	8,541,887
Charge for the year	512,408	3,482,763	3,995,171
Disposal	-	-	-
Balance as at March 31, 2019	2,366,230	10,170,828	12,537,058
Charge for the year	538,673	3,501,161	4,039,834
Disposal	-	-	-
Balance as at March 31, 2020	2,904,903	13,671,989	16,576,892
Net block			
Balance as at March 31, 2020	1,227,217	297,359	1,524,576
Balance as at March 31, 2019	1,755,890	3,798,520	5,554,410

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
5 Investments		
Non-current		
Investments in equity instruments in associate (at cost, fully paid up) - unquoted		
Rico Jinfei Wheels Limited	95,000,000	-
9,500,000 (March 31, 2019: Nil) equity shares of ₹ 10 each		
	95,000,000	-
6 Loans		
(Unsecured, considered good)		
Non-current		
Loan to related party (refer note 31)	120,000,000	-
	120,000,000	-
7 Other financial assets		
(Unsecured, considered good)		
Non-current		
Security deposits	3,563,775	3,175,891
Bank deposits with maturity of more than 12 months	-	38,000,000
Interest accrued on bank deposits	-	249,349
	3,563,775	41,425,240
Current		
Current maturities of loan given to related party (refer note 31)	30,000,000	-
Interest accrued on bank deposits	856,895	1,488,190
Interest accrued on loan given to related party (refer note 31)	4,703,473	-
Export incentive receivable	1,236,894	4,250,427
	36,797,262	5,738,617
8 Other assets		
(Unsecured, considered good)		
Non-current		
Capital advances	870,000	1,209,500
Prepaid expenses	1,818,558	-
Balances with statutory/government authorities	1,673,261	1,071,448
	4,361,819	2,280,948
Current		
Advance to suppliers	1,443,000	3,999,750
Prepaid expenses	1,762,392	1,231,108
Balances with statutory/government authorities	158,774	1,803,383
Total	3,364,166	7,034,241
9 Inventories		
(valued at lower of cost or net realisable value)		
Raw materials and components	16,502,240	15,315,904
Finished goods*	6,289,437	11,336,959
Tooling stock	5,682,000	782,000
Stores and spares	6,083,927	5,935,638
Total	34,557,604	33,370,501
* includes goods-in-transit amounting to ₹ 2,762,884 (previous year: ₹ 3,710,537)		
10 Trade receivables		
Unsecured, considered good	163,767,188	169,547,119
	163,767,188	169,547,119
11 Cash and cash equivalents		
Cash on hand	62,418	63,513
Balances with banks:		
In current accounts	38,141,803	27,147,616
Deposits with original maturity of less than 3 months	55,317,590	195,771,515
Total	93,521,811	222,982,644
12 Other bank balances		
Bank deposits with maturity of more than 3 months and less than 12 months	-	7,500,000
Total	-	7,500,000

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
14 Other equity		
Retained earning	60,602,629	66,569,372
	60,602,629	66,569,372
Surplus in statement of profit and loss		
Opening balance	66,569,372	41,447,129
Add : Profit transferred from statement of profit and loss	71,740,009	63,055,098
Add : Other comprehensive income for the year (net of taxes)	1,223,216	197,194
Less : Final dividend on equity shares*	(52,800,000)	(31,680,000)
Less : Corporate dividend tax on above*	(10,853,199)	(6,450,049)
Less : Interim dividend on equity shares**	(12,672,000)	-
Less : Corporate dividend tax on above**	(2,604,769)	-
Net surplus in the statement of profit and loss	60,602,629	66,569,372
* pertains to year ended March 31, 2019.		
**During the year ended March 31, 2020, the Company declared an interim dividend of ₹ 12,672,000 (₹ 0.30 per equity share of ₹ 10/- each) at their board meeting held on August 1, 2019, the corporate dividend tax on the same amounts to ₹ 2,604,769.		
15 Provisions		
Non Current		
Provision for gratuity (refer note 32)	2,071,233	2,584,965
Provision for warranty (refer note below)	1,944,455	1,260,410
	4,015,688	3,845,375
Current		
Provision for gratuity (refer note 32)	1,150,665	535,588
Provision for compensated absences	1,176,604	1,523,440
Provision for warranty (refer note below)	1,481,288	1,508,329
	3,808,557	3,567,357
Note: Movement in provision for warranty		
Opening provision	2,768,739	2,634,683
Add: Charge for the year (refer note 26)	1,315,570	1,767,993
Less: Utilised during the year	(658,567)	(1,633,937)
Closing provision	3,425,742	2,768,739
16 Other liabilities		
Non-current		
Export obligation deferred income	1,510,842	1,768,337
	1,510,842	1,768,337
Current		
Advances from customers	3,975,000	2,585,463
Rent equalisation reserve	-	721,405
Statutory liabilities	4,997,224	4,861,607
Export obligation deferred income	444,654	773,241
Total	9,416,878	8,941,716
17 Trade payables		
Payable to micro enterprises and small enterprises	-	-
Other payables (refer note 33)	142,629,983	118,773,134
Due to related parties (refer note 31)	19,943,528	9,892,343
Total	162,573,511	128,665,477
18 Other financial liabilities		
Non-current		
Lease liability (refer note 29)	76,597,975	-
	76,597,975	-
Current		
Payable for capital goods	-	1,573,971
Employee benefits payable	8,681,149	3,286,327
Lease liability (refer note 29)	4,865,729	-
Total	13,546,878	4,860,298

Rico Fluidtronics Limited
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020
 (All amounts in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
13 Equity share capital		
a) Authorised shares		
50,000,000 equity shares of ₹ 10/- each	500,000,000	500,000,000
(March 31, 2019: 50,000,000 equity shares of ₹ 10/- each)		
	500,000,000	500,000,000
b) Issued, subscribed and fully paid up		
42,240,000 equity shares of Rs. 10/- each	422,400,000	422,400,000
(March 31, 2019 : 42,240,000 equity shares of ₹ 10/- each)		
	422,400,000	422,400,000

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

	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
Shares outstanding at the beginning of the year	42,240,000	422,400,000	42,240,000	422,400,000
Movement during the year	-	-	-	-
Shares outstanding as at the end of the year	42,240,000	422,400,000	42,240,000	422,400,000

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*

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
Name of shareholder				
Rico Auto Industries Limited	21,520,000	50.95%	21,520,000	50.95%
Rasa Autocom Limited	20,720,000	49.05%	20,720,000	49.05%
	42,240,000	100.00%	42,240,000	100.00%

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

	March 31, 2020		March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
Name of shareholder				
Rico Auto Industries Limited	21,520,000	50.95%	21,520,000	50.95%
Rasa Autocom Limited	20,720,000	49.05%	20,720,000	49.05%
	42,240,000	100.00%	42,240,000	100.00%

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 detail available with the Company as at the year end.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
19 Revenue from operations		
Sale of products		
Finished goods	782,599,372	911,200,345
Sale of engineering services	2,799,889	2,613,545
Other operating revenue		
Tooling sales	-	5,400,000
Scrap sale	1,783,558	2,197,014
Export incentive	2,389,892	3,991,785
	789,572,711	925,402,689
20 Other income		
Interest income	17,155,767	12,868,347
Unwinding of security deposit	169,973	166,707
Export obligation deferred income	586,082	773,241
Exchange rate fluctuation (net)	805,948	-
Miscellaneous income	207,075	2,311,210
	18,924,845	16,119,505
21 Cost of raw materials and components consumed		
Raw material and components		
Opening stock	15,315,904	17,532,386
Add : Purchases during the year	535,219,602	643,445,814
Less : Closing stock	(16,502,240)	(15,315,904)
Raw material and components consumed	534,033,266	645,662,296
22 Changes in inventories of finished goods, work-in-progress and tooling stock		
Inventory as at the end of the year		
-Finished goods (including goods-in-transit)	6,289,437	11,336,959
-Tooling stock	5,682,000	782,000
	11,971,437	12,118,959
Inventory as at the beginning of the year		
-Finished goods (including goods-in-transit)	11,336,959	5,324,056
-Tooling stock	782,000	-
	12,118,959	5,324,056
	147,522	(6,794,903)
23 Employee benefits expense		
Salaries, wages and bonus	52,144,967	47,871,559
Contribution to provident and other funds (refer note 32)	3,902,336	2,778,183
Staff welfare expenses	3,449,658	4,273,997
	59,496,961	54,923,739
24 Finance costs		
Interest expense on lease (refer note 29)	3,097,899	-
Total	3,097,899	-
25 Depreciation and amortisation expense		
Depreciation expense	39,422,820	34,393,156
Amortisation expense	4,039,834	3,995,171
Total	43,462,654	38,388,327

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Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
26 Other expenses		
Consumption of stores and spares	14,546,144	21,100,839
Power and fuel	9,287,999	10,140,902
Rent (refer note 29)	5,160,746	8,675,684
Rates and taxes	217,285	674,987
Insurance	287,759	366,938
Corporate charges	15,681,726	25,791,648
Repair & maintenance		
-machinery	573,086	1,280,336
-building	215,116	1,079,783
-others	1,017,033	866,662
Office expense	5,039,265	4,671,277
Travelling and conveyance	2,860,710	2,271,114
Legal and professional*	4,072,649	5,530,562
Exchange difference (net)	0	1,204,819
Freight outward	3,804,094	5,069,040
Warranty expense	1,315,570	1,767,993
Corporate social responsibility expense**	1,793,877	1,072,919
Interest on income tax	1,060,561	491,949
Loss on sale of property, plant and equipments	-	19,166
Miscellaneous expenses	3,053,098	2,028,843
Total	69,986,718	94,105,461
*Includes payments to auditors on account of:		
Audit services	900,000	1,760,000
Reimbursement of expenses	-	264,000
	900,000	2,024,000
**Corporate social responsibility expenses		
(a) Gross amount required to be spent by the Company during the year	1,793,877	1,072,919
(b) Amount spent during the year		
- Work for community hall	1,793,877	1,072,919
	1,793,877	1,072,919

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Rico Fluidronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

27 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, 2020	Year ended March 31, 2019
Profit before tax	98,190,395	88,427,253
Statutory income tax rate*	25.17%	27.82%
Tax at statutory income tax rate	24,712,559	24,600,462
Effect of change in statutory tax rate	557,041	266,408
Others	1,180,786	505,285
Total	26,450,386	25,372,155
Effective income tax rate (%)	26.94%	28.69%

* 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 full 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	Charged / (credited) to statement of profit or loss	Charged to other comprehensive income	Closing balance as at March 31,2020
For the year ended March 31, 2020				
Deferred tax liabilities				
Property, plant and equipment	(2,259,737)	(4,629,760)	-	2,370,022
Total (A)	(2,259,737)	(4,629,760)	-	2,370,022
Deferred tax assets				
Employee benefits	1,999,538	(1,024,136)	421,457	2,602,216
Other temporary differences	2,668,110	(78,110)	-	2,746,220
Total (B)	4,667,648	(1,102,245)	421,457	5,348,436
Net deferred tax assets (A+B)	2,407,911	(5,732,005)	421,457	7,718,458
For the year ended March 31, 2019				
Deferred tax liabilities				
Property, plant and equipment	(4,669,364)	(2,409,627)	-	(2,259,737)
Total (A)	(4,669,364)	(2,409,627)	-	(2,259,737)
Deferred tax assets				
Employee benefits	2,279,198	203,657	76,004	1,999,538
Other temporary differences	4,070,167	1,402,057	-	2,668,110
Unused tax asset (MAT credit entitlement)	2,146,179	2,146,179	-	-
Total (B)	8,495,544	3,751,892	76,004	4,667,648
Net deferred tax assets (A+B)	3,826,180	1,342,265	76,004	2,407,911

28 Earning per share

Profit after tax (A)	71,740,009	63,055,098
Weighted average number of equity shares (basic/diluted)(B)	42,240,000	42,240,000
Nominal value of equity share (₹)	10	10
Earnings per share - basic/diluted (A/B) (₹)	1.70	1.49

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Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

29. Leases**i. Adoption of Ind AS 116**

The Company has adopted Ind AS 116 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 recorded the lease liability at the present value of the minimum lease payments discounted at the incremental borrowing rate (9% p.a.) and right-of-use assets were measured at the amount of the lease liability. In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

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 2019	5,782,238
Less: Leases with remaining lease term of less than 12 months	5,782,238
Total lease liabilities recognised under Ind As 116 at April 1, 2019	-

ii. 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 liability is presented below:

Particulars	As at March 31, 2020	As at March 31, 2020
Non-current portion	76,597,975	-
Current portion	4,865,729	-
Total lease liability	81,463,704	-

b) Right of use asset recognised during the year:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Real estate lease	83,365,803	-
Total	83,365,803	-

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

As on March 31, 2020	Carrying amount (net block)	Depreciation expense
Factory and office building	79,506,275	3,859,528
Total	79,506,275	3,859,528

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Real estate lease	3,859,528	-
Total	3,859,528	-

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

- d) The Company has incurred Rs. 5,060,833 (after adjusting rent equalisation reserve of Rs. 721,405) for the year ending March 31, 2020 towards expense relating to short-term lease. As at 31 March 2020, the Company has no committed short-term leases.
- e) Total cash outflow pertaining to leases during the year ended March 31, 2020 is Rs. 10,782,238, including cash outflow of short-term lease. Interest expense on lease liability is Rs. 3,097,899 for the year.

30. Contingent liability

In respect of show cause notice received with a demand raised for short payment of Central Excise Duty due to under valuation of goods under Central Excise Act, 1944 for the year 2013-14 to 2017-18 amounting to Rs. 3,050,706 plus related interest and penalty.

31. Related party disclosure

I. Related parties:

i. Holding company

- (a) Rico Auto Industries Limited

ii. Fellow subsidiaries

- (a) Rico Aluminium and Ferrous Auto Components Limited
(b) AAN Engineering Industries Limited
(c) Rasa Autocom Limited
(d) Rico Jinfei Wheels Limited
(e) Rico Investment Limited
(f) Rico Auto Industries Inc.
(g) Rico Auto Industries (UK) Limited

iii. Parties where significant influence is exercised by key management personnel and/or his relatives

- (a) Rico Casting Limited

iv. Key Managerial Personnel

- (a) Mr. Arvind Kapur – Nominee Director
(b) Mr. Om Prakash Aggarwal – Nominee Director
(c) Mr. Naresh Kumar Sethi – Nominee Director
(d) Kaushalendra Verma – Managing Director
(e) Arun Gupta - Director
(f) Sandeep Kaur Riat - Director
(g) Sanjit Kumar Jana – Chief Financial Officer
(h) Deepak Sharma – Company Secretary (till November 5, 2019)
(h) Brajesh Kumar – Company Secretary (from June 16, 2020)

II. Transactions with related parties

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A	Rico Auto Industries Limited		
	Purchase of raw material	45,971,937	45,249,309
	Corporate charges	20,931,723	2,724,694
	Purchase of fixed assets	1,130,653	-
	Sale of finished goods	19,094,082	-
	Dividend paid	33,356,000	-
	Loan given	150,000,000	-
	Interest income	5,226,082	-

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
B	Rasa Autocom Limited		
	Dividend	32,116,000	-
C	Rico Aluminium and Ferrous Auto Components Limited		
	Reimbursement of expenses paid	150,000	-
	Reimbursement of expenses received	150,000	-
D	Rico Jinfei Wheels Limited		
	Investments	95,000,000	-
E	Remuneration to Key Management Personnel		
	Kaushalendra Verma	3,548,188	-
	Sanjit Kumar Jana	2,923,220	-
	Deepak Sharma	332,128	-

III. Balances with related parties

	Particulars	As at March 31, 2020	As at March 31, 2019
A	Rico Auto Industries Limited		
	Loan	150,000,000	-
	Accrued interest	4,703,473	-
	Receivable	23,874,926	-
	Payable	19,943,528	9,892,343

32. 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.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Current service cost	504,387	580,620
Interest cost on benefit obligation	218,439	211,933
Defined benefit cost included in statement of profit & loss	722,826	792,553

Particulars	As at March 31, 2020	As at March 31, 2019
Changes in financial assumptions	431,121	-
Change in experience adjustments	660,904	273,198
Total rereasurement gain recognised in OCI	1,092,025	273,198

(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, 2020	As at March 31, 2019
Balance at the beginning of the year	3,120,553	2,734,620
Current service cost	504,387	580,620
Interest cost on benefit obligation	218,439	211,933
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	-	-
- changes in financial assumptions	(431,121)	-
- experience adjustments	(660,904)	(273,198)
Benefit paid	(573,811)	(133,422)
Balance at the end of the year*	2,177,543	3,120,553

* The amount in Balance sheet includes ₹ 1,044,355 payable to Mr. Sanjit Kumar Jana for gratuity on full and final settlement.

(iii) Actuarial assumptions

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

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	7.00%	7.75%
Salary increase rate	5.00%	8.00%
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.

Rico Fluidtronics Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020****(All amounts are in ₹ unless otherwise stated)****(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, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	199,849	(234,011)	339,036	(286,160)
Future salary growth (1.00% movement)	(236,431)	(205,163)	334,783	(287,999)
Attrition rate (1.00% movement)	(23,194)	(28,041)	20,000	(18,804)

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, 2020
Within next 12 months	106,310
Between 2 and 5 years	310,888
Beyond 5 years	1,760,345

(vi) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 18 years (March 31, 2019: 17 years).

(vii) Expected contribution during the next annual reporting period is Rs. 657,254 (March 31, 2019 Rs. 668,432)

(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, 2020	For the year ended March 31, 2019
Provident fund and ESI	2,135,155	1,985,630

(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, 2020	Year ended March 31, 2019
Discount rate	7.00%	7.71%
Salary growth rate	5.00%	5.50%
Mortality	IALM 2012-14	IALM 2006-08
Retirement age (years)	58.00	58.00
Withdrawal rate	5.00%	5.00%

Rico Fluidtronics Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020**

(All amounts are in ₹ unless otherwise stated)

33. 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.
- ii. Trade payables includes Rs. 6,507,772 (March 31, 2019: Rs 6,507,772) relating to engineer's charges is due for more than 6 months. Reserve Bank of India ("RBI") master direction dated January 1, 2016 (updated as on April 01, 2019) on Import of Goods and Services requires that the import remittance should be completed no later than six months from the state of shipment. However, AD category – I banks may permit settlement of import dues to disputes, financial difficulties, etc. The management is confident of obtaining such permissions at the time of payment, considering past history and accordingly, there is no non-compliance in this matter.

34. 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, 2020	As at March 31, 2019
	Amortised cost*	Amortised cost*
Financial assets		
Non-current		
Loans	120,000,000	-
Other financial assets	3,563,775	41,425,240
Current		
Trade receivable	163,767,188	169,547,119
Cash and cash equivalents	93,521,811	222,982,644
Other bank balances	-	7,500,000
Other financial assets	36,797,262	5,738,617
	417,650,036	447,193,620
Financial liabilities		
Non-current		
Other financial liabilities	76,597,975	-
Current		
Trade payables	162,573,511	128,665,477
Other financial liabilities	13,546,878	4,860,298
Total financial liability at amortised cost	252,718,364	133,525,775

* 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.

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.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

Note: There are no assets in the Company as at March 31, 2020 and March 31, 2019 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).

35. Capital management

The capital structure of the Company consists of 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 does not have any borrowings.

36. Financial risk management objectives and policies

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

- Risk management framework (see 34 (i));
- Credit risk (see 34 (ii));
- Liquidity risk (see 34 (iii)); and
- Market risk (see 34 (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.

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.

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

Given below is the ageing of trade receivable and loans:

Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Outstanding for more than six months	-	-
Others	163,767,188	169,547,119

Loans

Particulars	As at March 31, 2020	As at March 31, 2019
Less than 1 year	150,000,000	-

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, 2020			As on March 31, 2019		
	Less than 1 year	1 - 3 years	More than 3 years	Less than 1 year	1 - 3 years	More than 3 years
Trade payable	162,573,511	-	-	128,665,477	-	-
Lease liabilities	4,865,729	29,315,077	47,282,898	-	-	-
Other financial liabilities	8,681,149	-	-	4,860,298	-	-
Total	176,120,389	29,315,077	47,282,898	133,525,775	-	-

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.

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Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

Unhedged foreign currency exposure

Particulars	Currency	Year ending 31 March 2020			Year ended 31 March 2019		
		Amount in foreign currency	Exchange rate	Amount	Amount in foreign currency	Exchange rate	Amount
Trade Payable	US Dollar	12,676	75.90	962,108	54,861	69.15	3,793,666
Trade Payable	Euro	-	-	-	2,729	77.60	211,755
Trade Payable	Korean Won	-	-	-	20,663,583	0.06	1,258,206
Trade Payable	Canadian Dollar	-	-	-	17,862	51.91	927,242
Trade Receivable	US Dollar	-	-	-	15,947	69.15	1,102,735
Trade Receivable	Euro	185,943	82.14	15,273,358	137,896	77.60	10,700,698
Cash	Korean Won	204,000	0.06	11,428	204,000	0.06	12,422
Cash	Euro	18	82.14	1508	18	77.60	1,425

Impact on profit and loss account on account of change in currency –

For the year ended March 31, 2020

Currency	Net receivable	Sensitivity to increase of 1%	Sensitivity to decrease of 1%
US Dollar	(962,108)	(9,621)	9,621
Euro	15,274,866	152,749	(152,749)
Korean Won	11,428	114	(114)
Canadian Dollar	-	-	-

For the year ended March 31, 2019

Currency	Net receivable	Sensitivity to increase of 1%	Sensitivity to decrease of 1%
US Dollar	(2,690,931)	(26,909)	26,909
Euro	10,490,368	104,904	(104,904)
Korean Won	(1,245,784)	(12,458)	12,458
Canadian Dollar	(927,242)	(9,272)	9,272

b) Interest rate risk

The Company is not exposed to interest rate risk, as the Company does not have any borrowings.

37. Transfer pricing

As per the transfer pricing norms applicable in India, the Company is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The management has appointed independent consultant for conducting a Transfer pricing study to determine whether the transactions with associated enterprises were undertaken at "arm's length basis".

Rico Fluidtronics Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020**

(All amounts are in ₹ unless otherwise stated)

38. Capital and other commitments

At March 31, 2020, the Company has Rs. NIL commitments (March 31, 2019: Rs. 2,483,500) for contracts remaining to be executed on capital account.

39. 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	Sweden	Belgium	Italy	Total
Year ended March 31, 2020					
Revenue from external customers (gross)	735,058,264	45,211,386	2,329,722	2,799,889	785,399,261
	India	Sweden	Belgium	Others	Total
Year ended March 31, 2019					
Revenue from external customers (gross)	850,909,940	57,792,275	2,698,972	2,412,703	913,813,890

40. Revenue

Effective from April 1, 2018, the Company has adopted Ind AS “Revenue from contracts with customers” using the cumulative effect. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue in the financial statements of the Company.

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, 2020	For the year ended March 31, 2019
Water pump	680,080,380	842,185,344
Oil pump	86,467,133	69,015,001
Machined parts	16,051,859	-
Engineering services	2,799,889	2,613,545
Total revenue from contracts with customers	785,399,261	913,813,890

The Company’s revenue disaggregated by geographical market is as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
India	735,058,264	850,909,940
Outside India	50,340,997	62,903,950
Total revenue from contracts with customers	785,399,261	913,813,890

b. Contract balances

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Trade receivable	163,767,188	169,547,119

Rico Fluidtronics Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

c. Right of return assets and refund liabilities

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
RM indexation and giveback benefits	609,817	209,144

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, 2020	For the year ended March 31, 2019
Revenue as per contracted price	784,789,444	913,604,746
Adjustment: RM indexation and giveback benefits	609,817	209,144
Revenue from contract with customers	785,399,261	913,813,890

41. The outbreak of Coronavirus (COVID-19) pandemic is causing disturbance and slowdown of economic activity throughout the world and is impacting operations of the businesses, by way of interruption in production, supply chain disruption, unavailability of personnel, closure of production facilities etc. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, inventories, investments, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources on the expected future performance of the Company. Based on current indicators of future economic conditions, the Company expects the carrying amount of these assets will be recovered.
42. There are no reportable subsequent events after the balance sheet date.
43. Previous period figures have been regrouped / reclassified, where necessary, to conform to this year's classification.
44. The financial statement for the year ended March 31, 2020 were authorized and approved for issue by the board of directors on June 16, 2020.

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

Place: New Delhi
Date: June 16, 2020

Brajesh Kumar
Company Secretary

Sanjit Kumar Jana
Chief Financial Officer

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 2020, 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 2020, 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 Annual 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 RASA Autocom Limited, on the financial statements for the year ended 31 March 2020 (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 Annual 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;

Independent Auditor's Report of even date to the members of RASA Autocom Limited, on the financial statements for the year ended 31 March 2020 (Cont'd)

- 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;
 - 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; and
 - 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 2020 from being appointed as a director in terms of section 164(2) of the Act;

Independent Auditor's Report of even date to the members of RASA Autocom Limited, on the financial statements for the year ended 31 March 2020 (Cont'd)

- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 16 June 2020 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 2020;
 - 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 2020;
 - 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 2020; 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
Partner
Membership No.: 517273

UDIN No.: 20517273AAAADB9348

Place: New Delhi
Date: 16 June 2020

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 2020

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, 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 and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has granted long term unsecured loans to companies 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 loans 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 amount is not due for repayment currently; and
 - (c) there is no overdue amount in respect of loans granted to such companies.
- (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.

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 2020 (Cont'd)

- (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.
- (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). In our opinion, the term loans raised through related party loans were applied for the purposes for which the loans were obtained.
- (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 Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

UDIN No.: 20517273AAAADB9348

Place: New Delhi
Date: 16 June 2020

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 2020

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 2020, 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

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 2020 (Cont'd)

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 controls were operating effectively as at 31 March 2020, 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 Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

UDIN No.: 20517273AAAADB9348

Place: New Delhi
Date: 16 June 2020

RASA Autocom Limited
Balance Sheet as at March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
(a) Property, plant and equipment	5	25,96,93,334	27,73,12,063
(b) Capital work-in-progress	5	3,87,93,743	13,93,139
(c) Financial assets			
(i) Investments	6	8,47,27,389	8,47,27,389
(ii) Loans	7	14,76,49,437	10,77,46,813
(d) Deferred tax assets (net)	29	26,21,717	3,59,15,005
(e) Other non-current assets	9	1,19,04,233	47,81,931
Total non-current assets		54,53,89,853	51,18,76,340
Current assets			
(a) Inventories	10	1,97,71,397	1,41,95,240
(b) Financial assets			
(i) Trade receivable	11	10,58,00,958	40,96,800
(ii) Cash and cash equivalents	12	18,92,865	14,08,689
(iii) Bank balances other than (ii) above	13	12,47,404	11,59,167
(iv) Loans	7	1,67,343	2,75,327
(v) Other financial assets	8	1,22,88,069	14,19,933
(c) Other current assets	9	23,05,627	36,72,902
Total current assets		14,34,73,663	2,62,28,058
Total assets		68,88,63,516	53,81,04,398
Equity and liabilities			
Equity			
(a) Equity share capital	14	41,00,00,000	41,00,00,000
(b) Other equity	15	(14,59,51,279)	(21,04,02,120)
Total equity		26,40,48,721	19,95,97,880
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	15,53,50,296	28,87,21,799
(b) Provisions	17	42,62,334	25,67,031
(c) Other non-current liabilities	18	6,04,673	4,92,173
Total non-current liabilities		16,02,17,303	29,17,81,003
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	19	9,33,815	1,55,738
b) Total outstanding dues of creditors other than micro and small enterprises	19	13,79,42,580	1,51,90,896
(ii) Other financial liabilities	20	11,14,57,085	16,21,119
(b) Other current liabilities	18	1,40,30,627	2,96,91,233
(c) Provisions	17	2,33,385	66,529
Total current liabilities		26,45,97,492	4,67,25,515
Total equity and liabilities		68,88,63,516	53,81,04,398

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 Chandiok & Co LLP**
Chartered Accountants
Firm registration No. 001076N/N500013

For and on behalf of the Board of Directors of
RASA Autocom Limited

Arun Tandon
Partner
Membership No.: 517273

Om Prakash Aggarwal
Director & Chairman
DIN: 01537211

Sandeep Rajpal
Director
DIN: 07230059

Place: New Delhi
Date: June 16, 2020

Parveen Kumar
Chief Financial Officer

S Kartik
Company Secretary

RASA Autocom Limited
Statement of profit and loss for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Revenue from operations (gross)	21	67,68,90,272	52,39,50,748
Other income	22	4,85,46,329	82,36,214
Total revenue		72,54,36,601	53,21,86,962
Expenses			
(a) Cost of material consumed	23	39,07,51,813	34,28,46,841
(b) Changes in inventories of finished goods and work in progress	24	22,09,560	(27,15,291)
(c) Other manufacturing expenses	25	13,32,25,152	8,81,68,163
(d) Employee benefits expense	26	1,82,48,573	1,89,32,727
(e) Finance costs	27	3,23,74,434	2,88,70,158
(f) Depreciation and amortisation expense	5	2,82,74,898	2,76,07,116
(g) Other expenses	28	1,50,97,724	1,56,54,817
Total expenses		62,01,82,154	51,93,64,531
Profit before tax		10,52,54,447	1,28,22,431
Tax expense			
Current tax	29	63,04,193	11,80,872
Deferred tax expense/(credit)		3,32,93,288	(36,88,114)
Total tax expense		3,95,97,481	(25,07,242)
Profit for the year		6,56,56,966	1,53,29,673
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan obligation		(12,06,125)	5,50,195
Income tax		-	(1,41,675)
Other comprehensive income/ (loss) for the year		(12,06,125)	4,08,520
Total comprehensive income for the year		6,44,50,841	1,57,38,193
Earnings per share			
Basic and diluted (nominal value per share ₹ 10)	30	1.60	0.37

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**
Chartered Accountants
Firm registration No. 001076N/N500013

For and on behalf of the Board of Directors of
RASA Autocom Limited

Arun Tandon
Partner
Membership No.: 517273

Om Prakash Aggarwal
Director & Chairman
DIN: 01537211

Sandeep Rajpal
Director
DIN: 07230059

Place: New Delhi
Date: June 16, 2020

Parveen Kumar
Chief Financial Officer

S Kartik
Company Secretary

RASA Autocom Limited
Cash flow statement for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Net profit before tax	10,52,54,447	1,28,22,431
Adjustments for:		
Depreciation	2,82,74,898	2,76,07,116
Loss on sale of property, plant and equipment	-	13,591
Finance costs	3,23,74,434	2,88,70,158
Interest income	(1,34,97,016)	(45,91,204)
Dividend income	(3,21,16,000)	-
Operating profit before working capital changes	12,02,90,763	6,47,22,092
Movement in working capital		
Movement in inventories	(55,76,158)	(25,46,455)
Movement in trade receivables	(10,17,04,158)	4,32,10,989
Movement in other financial assets (current and non-current)	(1,09,71,330)	(6,90,73,823)
Movement in other assets (current and non-current)	(57,55,027)	7,94,20,190
Movement in trade payables	12,35,29,760	(5,23,35,894)
Movement in other financial liabilities (current and non-current)	48,99,967	(16,81,438)
Movement in other liabilities and provisions (current and non-current)	(1,48,92,072)	2,21,42,350
	10,98,21,745	8,38,58,011
Less: Direct taxes paid (net of refunds)	(63,04,194)	37,80,883
Net cash generated from operating activities	A 10,35,17,551	8,76,38,894
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress)	(5,46,45,557)	(64,08,299)
Proceeds from sale of property, plant and equipment	65,88,783	1,65,254
Loans given to related parties (refer note 38)	(3,96,91,446)	-
Investment in Rico Fluidtronics Limited	-	(8,47,27,389)
Movement in bank deposits	(88,237)	(81,519)
Dividend income	3,21,16,000	-
Interest received	1,34,97,016	45,25,122
Net cash used in investing activities	B (4,22,23,441)	(8,65,26,831)
C. Cash flow from financing activities		
Interest paid	(6,08,09,934)	(4,34,655)
Net cash generated/(used in) from financing activities	C (6,08,09,934)	(4,34,655)
Net increase / (decrease) in cash and cash equivalents	A+B+C 4,84,176	6,77,408
Cash and cash equivalents at the beginning of the year	14,08,689	7,31,281
Cash and cash equivalents at the close of the year (refer note 12)	18,92,865	14,08,689

This is the Cash flow statement 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

Place: New Delhi
Date: June 16, 2020

For and on behalf of the Board of Directors of
RASA Autocom Limited

Om Prakash Aggarwal **Sandeep Rajpal**
Director & Chairman Director
DIN: 01537211 DIN: 07230059

Parveen Kumar **S Kartik**
Chief Financial Officer Company Secretary

Rasa Autocom Limited
Statement of changes in equity for the year ended March 31, 2020
 (All amounts are in ₹ unless otherwise stated)

A Equity share capital

	No. of shares	Amount
Balance as at March 31, 2018	4,10,00,000	41,00,00,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	4,10,00,000	41,00,00,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2020	4,10,00,000	41,00,00,000

B Other equity

	Retained earnings	Total
Balance as at March 31, 2018	(22,61,40,313)	(22,61,40,313)
Net profit for the year	1,53,29,673	1,53,29,673
Other comprehensive income for the year (net of taxes)	4,08,520	4,08,520
Total comprehensive income for the year	1,57,38,193	1,57,38,193
Balance as at March 31, 2019	(21,04,02,120)	(21,04,02,120)
Net profit for the year	6,56,56,966	6,56,56,966
Other comprehensive income for the year (net of taxes)	(12,06,125)	(12,06,125)
Total comprehensive income for the year	6,44,50,841	6,44,50,841
Balance as at March 31, 2020	(14,59,51,279)	(14,59,51,279)

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

For **Walker Chandiok & Co LLP**
 Chartered Accountants
 Firm registration No. 001076N/N500013

For and on behalf of the Board of Directors of
RASA Autocom Limited

Arun Tandon
 Partner
 Membership No.: 517273

Om Prakash Aggarwal
 Director & Chairmal
 DIN: 01537211

Sandeep Rajpal
 Director
 DIN: 07230059

Place: New Delhi
Date: June 16, 2020

Parveen Kumar
 Chief Financial Officer

S Kartik
 Company Secretary

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts are in ₹ 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. 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.

2. RECENT ACCOUNTING PRONOUNCEMENTS

New standards adopted during the year

i) Ind AS 116 Leases

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. The Company has adopted the new standard on the effective date using modified retrospective method.

The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

ii) Ind AS 12 “Insertion of Appendix C to Income Taxes”

Ind AS 12 provides the recognition and measurement principles for current and deferred tax assets and liabilities. However, it does not provide guidance in relation to accounting of an uncertain tax treatment, pending decision by a relevant taxation authority or court, while measuring current and deferred taxes. The entities would now be required to assess the effect of uncertainties on income tax treatment of items or transactions and depending on the likelihood of the taxation authorities accepting the treatment in the tax return, the entity would either disclose the uncertainty in the financial statements or include an adjustment for the same in the tax provision for that year.

The insertion does not introduce any new disclosure requirements, but strengthens the need to comply with the significant disclosure requirements under Ind AS 1, Presentation of Financial Statements, and Ind AS 12. The insertion is to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, where there is uncertainty over income tax treatments under Ind AS 12.

Furthermore, if an entity considers a particular amount payable or receivable for interest and penalties, associated with uncertain tax treatment, to be an income tax, then that amount is within the scope of this Interpretation and where a company instead applies Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, to these amounts, then it does not apply this Interpretation. The Interpretation would also apply to uncertainty affecting deferred tax assets and liabilities arising out of business combinations.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions and has determined, based on evaluation of its tax compliances that it is probable that its tax treatments will be accepted by the taxation authorities. The application of this Appendix did not have any significant impact on the financial statements.

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these amendments, if applicable, when they become effective.

i) Amendment to Ind AS 116 Leases

Amendments to Ind AS 116 proposes 'Covid-19 related rent concessions' provides guidance, that as a practical expedient, a lessee may elect not to assess whether rent concessions occurring as a direct consequence of the covid-19 pandemic, meets the conditions of a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification. In case the lessee applies such practical expedient, the same is required to be disclosed along with the amount recognised in the Statement of Profit and Loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the said practical expedient. Such amendments are applicable for annual reporting periods beginning on or after 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.

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(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, 2020****(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) 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.

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
Land	99
Plant and machinery	15-20
Building	30-60
Furniture and fixtures	10
Office equipment	5
Computers	3-8
Vehicles	8

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

iv) 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.

v) 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;

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

- 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.

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.

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

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.

vi) 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

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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.

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) Taxation

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.

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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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.

x) 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).

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

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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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.

xi) 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.

xii) 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.

xiii) 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.

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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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.

xiv) 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.

xv) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupee 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;
- carrying values of inventories; and
- cash flow projections and liquidity assessment with respect to Covid-19, refer note 43.

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

5 Property, plant and equipments and capital work in progress

A Property, plant and equipments

Particulars	Gross block				Depreciation				Net block	
	As at April 01, 2019	Additions during the year	Disposals during the year	As at March 31, 2020	As at April 01, 2019	Charge for the year	Adjustment upon deletion	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Freehold land	4,61,15,100	54,36,860	-	5,15,51,960	-	-	-	-	5,15,51,960	4,61,15,100
Buildings	10,49,46,040	-	-	10,49,46,040	1,05,14,122	35,04,707	-	1,40,18,829	9,09,27,211	9,44,31,918
Furniture and fixtures	53,55,224	-	-	53,55,224	2,04,984	13,38,958	-	15,43,942	38,11,282	51,50,240
Plant and equipment	19,67,07,239	1,18,08,093	1,28,24,845	19,56,90,487	6,79,02,283	2,27,14,889	62,36,061	8,43,81,111	11,13,09,376	12,88,04,956
Dies and moulds	4,66,591	-	-	4,66,591	-	-	-	-	4,66,591	4,66,591
Vehicles	19,18,756	-	-	19,18,756	6,17,653	4,09,199	-	10,26,852	8,91,904	13,01,103
Office equipment	14,22,048	-	-	14,22,048	3,79,893	3,07,145	-	6,87,038	7,35,010	10,42,155
Total Property, plant and equipment	35,69,30,998	1,72,44,953	1,28,24,845	36,13,51,106	7,96,18,935	2,82,74,898	62,36,061	10,16,57,772	25,96,93,334	27,73,12,063

B Capital Work in progress

Amount

Capital work-in-progress as at March 31, 2020*

3,87,93,743

Capital work-in-progress as at March 31, 2019

13,93,139

* Capital work-in-progress includes plant and equipment pending capitalisation

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(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
6 Investment		
Non-current		
Investment in equity instruments in associate (at cost) - unquoted		
Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited) 8,472,739 (March 31, 2019: 8,472,739) equity shares of ₹ 10/- each	8,47,27,389	8,47,27,389
	<u>8,47,27,389</u>	<u>8,47,27,389</u>
Aggregate amount of unquoted investments	8,47,27,389	8,47,27,389
7 Loans		
(Unsecured, considered good)		
Non-current		
Loans to related parties (refer note 38)	14,22,00,000	10,25,08,554
Security deposits	54,49,437	52,38,259
	<u>14,76,49,437</u>	<u>10,77,46,813</u>
Current		
Loans to employees	1,67,343	2,75,327
	<u>1,67,343</u>	<u>2,75,327</u>
8 Other financial assets		
(Unsecured, considered good)		
Current		
Interest receivable	84,20,673	87,752
Others	38,67,396	13,32,181
	<u>1,22,88,069</u>	<u>14,19,933</u>
9 Other assets		
(Unsecured, considered good)		
Non-current		
Advance income tax (net of provision for tax)	92,96,610	45,99,961
Capital advances	25,16,638	-
Prepaid expenses	90,985	1,81,970
	<u>1,19,04,233</u>	<u>47,81,931</u>
Current		
Advance to suppliers	14,82,381	29,12,038
Prepaid expenses	8,23,246	7,60,864
	<u>23,05,627</u>	<u>36,72,902</u>
10 Inventories		
(valued at lower of cost or net realisable value)		
Raw material and components	1,13,26,378	36,11,786
Work-in-progress	17,66,844	41,37,012
Finished goods	1,73,339	12,731
Stores and spares	65,04,836	64,33,711
	<u>1,97,71,397</u>	<u>1,41,95,240</u>
11 Trade receivables		
Unsecured, considered good	10,58,00,958	40,96,800
	<u>10,58,00,958</u>	<u>40,96,800</u>
12 Cash and cash equivalents		
Cash on hand	1,36,054	73,840
Balances with banks:		
In current accounts	17,56,811	13,34,849
	<u>18,92,865</u>	<u>14,08,689</u>
13 Bank balances other than cash and cash equivalents		
Bank deposits with maturity of more than 3 months and less than 12 months*	12,47,404	11,59,167
	<u>12,47,404</u>	<u>11,59,167</u>

*Pledged with bank for issuing letter of credit.

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RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
14 Share Capital		
a) Authorised		
46,000,000 equity share of ₹ 10/- each	46,00,00,000	46,00,00,000
(March 31, 2019: 46,000,000 equity shares of ₹ 10/- each)	<u>46,00,00,000</u>	<u>46,00,00,000</u>
b) Issued, subscribed and full paid-up		
41,000,000 equity share of ₹ 10/- each fully paid up	41,00,00,000	41,00,00,000
(March 31, 2019: 41,000,000 equity shares of ₹ 10/- each)	<u>41,00,00,000</u>	<u>41,00,00,000</u>

c) Reconciliation of number of equity shares outstanding

	Year ended March 31, 2020		Year ended March 31, 2019	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	41,00,00,000	4,10,00,000	41,00,00,000	4,10,00,000
Movement during the year	-	-	-	-
Outstanding at the end of the year	<u>41,00,00,000</u>	<u>4,10,00,000</u>	<u>41,00,00,000</u>	<u>4,10,00,000</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, 2020		As at March 31, 2019	
	% of holding	No of shares	% of holding	No of shares
Rico Investment Limited and its nominees	100%	4,10,00,000	100%	4,10,00,000

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, 2020

(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
15 Other equity		
Retained earnings	(14,59,51,279)	(21,04,02,120)
	<u>(14,59,51,279)</u>	<u>(21,04,02,120)</u>
Deficit in statement of profit and loss		
Opening balance	(21,04,02,120)	(22,61,40,313)
Add : Profit transferred from statement of profit and loss	6,56,56,966	1,53,29,673
Less : Other comprehensive income for the year (net of taxes)	(12,06,125)	4,08,520
Closing balance	<u>(14,59,51,279)</u>	<u>(21,04,02,120)</u>
16 Borrowings		
Non-current		
Unsecured*		
Loan from related party (refer note 38)	26,02,86,296	28,87,21,799
Less: Current maturities of loan	10,49,36,000	-
	<u>15,53,50,296</u>	<u>28,87,21,799</u>
* Unsecured loan		
Party name		
Rico Auto Industries Limited	<u>15,53,50,296</u>	<u>28,87,21,799</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.)		
17 Provisions		
Non-current		
Provision for gratuity (refer note 36)	33,68,726	19,38,226
Provision for compensated absences	8,93,608	6,28,805
	<u>42,62,334</u>	<u>25,67,031</u>
Current		
Provision for gratuity (refer note 36)	1,66,144	38,102
Provision for compensated absences	67,241	28,427
	<u>2,33,385</u>	<u>66,529</u>
18 Other liabilities		
Non-current		
Security deposits	6,04,673	4,92,173
	<u>6,04,673</u>	<u>4,92,173</u>
Current		
Statutory liabilities	1,38,80,395	35,63,916
Advance from customers (refer note 39)	1,50,232	2,61,27,317
	<u>1,40,30,627</u>	<u>2,96,91,233</u>
19 Trade payables		
Payable to micro enterprises and small enterprises (refer note 34)	9,33,815	1,55,738
Other payables	13,68,73,204	1,51,18,744
Due to related parties (refer note 38)	10,69,376	72,152
	<u>13,88,76,395</u>	<u>1,53,46,634</u>
20 Other financial liabilities		
Current		
Current maturities of loan from related party (refer note 38)	10,49,36,000	-
Payable for capital purchases	59,54,443	68,000
Employee benefits payable	5,66,642	15,53,119
	<u>11,14,57,085</u>	<u>16,21,119</u>

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RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
21 Revenue from operations		
Sales of products	65,57,94,511	52,12,60,064
Other operating revenues		
Scrap sales	18,50,382	21,63,636
Others	1,92,45,379	5,27,048
	<u>67,68,90,272</u>	<u>52,39,50,748</u>
22 Other income		
Interest income	1,34,97,016	45,91,204
Dividend income	3,21,16,000	
Exchange rate fluctuation (net)	-	6,473
Rental income from operating lease	18,44,160	18,44,160
Miscellaneous income	10,89,153	17,94,377
	<u>4,85,46,329</u>	<u>82,36,214</u>
23 Cost of raw materials and components consumed		
Raw materials and components		
Opening Stock	36,11,786	48,84,793
Add : Purchase during the year	39,84,66,405	34,15,73,834
Less : Closing stock	1,13,26,378	36,11,786
Raw material and components consumed	<u>39,07,51,813</u>	<u>34,28,46,841</u>
24 Change in inventories of finished goods and work in progress		
(a) Work-in-process		
Opening stock	41,37,012	14,33,218
Closing stock	17,66,844	41,37,012
	<u>23,70,168</u>	<u>(27,03,794)</u>
(b) Finished goods		
Opening stock	12,731	1,234
Closing stock	1,73,339	12,731
	<u>(1,60,608)</u>	<u>(11,497)</u>
	<u>22,09,560</u>	<u>(27,15,291)</u>
25 Other manufacturing expenses		
Consumption of stores and spares	2,57,40,655	1,81,58,152
Power and fuel	6,70,04,162	4,68,67,491
Sub contracting expenses	4,04,80,335	2,31,42,520
	<u>13,32,25,152</u>	<u>8,81,68,163</u>
26 Employee benefit expenses		
Salaries, wages and bonus	1,58,40,257	1,59,62,539
Contribution to provident and other funds (refer note 36)	19,29,279	16,81,868
Staff welfare expenses	4,79,037	12,88,320
	<u>1,82,48,573</u>	<u>1,89,32,727</u>
27 Finance costs		
Interest expense on borrowing	3,23,55,063	2,88,15,885
Other borrowing costs	19,371	54,273
	<u>3,23,74,434</u>	<u>2,88,70,158</u>
28 Other expenses		
Rent (refer note 37)	16,80,000	16,80,000
Repairs		
- buildings	10,72,686	5,48,823
- machinery	36,46,868	25,19,018
- others	12,20,149	25,16,782
Insurance	9,84,074	8,15,718
Rates & taxes	8,17,503	3,23,174
Travelling & conveyance	35,884	2,05,369
Legal and professional*	19,81,608	27,73,100
Vehicle running and maintenance expenses	4,10,620	4,14,000
Exchange rate fluctuation (net)	7,359	-
Line rejection and re-work charges	-	2,77,977
Miscellaneous expenses	32,40,973	35,80,856
	<u>1,50,97,724</u>	<u>1,56,54,817</u>
*Includes payments to auditors on account of:		
Audit services	3,00,000	3,00,000
Reimbursement of expenses	27,878	23,480
	<u>3,27,878</u>	<u>3,23,480</u>

RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

29 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, 2020		Year ended March 31, 2019	
	Amount	%	Amount	%
Profit before income tax expense	10,52,54,447		1,28,22,431	
Income tax using the Company's domestic tax rate	2,64,92,544	25.17%	35,67,200	27.82%
Tax effect of carry forward losses (on which deferred tax asset was not created in past)	-	-	(66,40,182)	(51.79%)
Effect of change in statutory tax rate*	68,00,744	6.46%	-	-
Others	63,04,193	5.99%	5,65,740	4.41%
Income tax expenses recognised in the statement of profit and loss	3,95,97,481	37.62%	(25,07,242)	(19.56%)

* 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, 2020				
Deferred tax assets				
Carry forward of losses	1,56,84,934	(1,56,84,934)	-	-
Notional interest on borrowings	3,34,39,391	(1,03,44,327)	-	2,30,95,064
Minimum alternative tax credit entitlement	25,62,903	(25,62,903)	-	-
Employee benefits	6,65,038	(1,94,034)	-	4,71,004
	5,23,52,266	(2,87,86,198)	-	2,35,66,068
Deferred tax liability				
Depreciation	1,61,09,728	48,34,623	-	2,09,44,351
Others	3,27,533	(3,27,533)	-	-
	1,64,37,261	45,07,090	-	2,09,44,351
	3,59,15,005	(3,32,93,288)	-	26,21,717
For the period ended March 31, 2019				
Deferred tax assets				
Carry forward of losses	1,56,84,934	-	-	1,56,84,934
Notional interest on borrowings	3,05,39,463	28,99,928	-	3,34,39,391
Minimum alternative tax credit entitlement	13,82,031	11,80,872	-	25,62,903
Employee benefits	5,12,429	2,94,284	(1,41,675)	6,65,038
	4,81,18,857	43,75,084	(1,41,675)	5,23,52,266
Deferred tax liability				
Depreciation	1,56,45,078	4,64,650	-	1,61,09,728
Others	1,05,213	2,22,320	-	3,27,533
	1,57,50,291	6,86,970	-	1,64,37,261
	3,23,68,566	36,88,114	(1,41,675)	3,59,15,005

30 Earning per share

Profit after tax (A)	6,56,56,966	1,53,29,673
Weighted average number of equity shares (basic/diluted)(B)	4,10,00,000	4,10,00,000
Nominal value of equity share (₹)	10	10
Earnings per share - basic/diluted (A/B) (₹)	1.60	0.37

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Rasa Autocom Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020**

(All amounts are in ₹ unless otherwise stated)

31 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, 2020	As at March 31, 2019
	Amortised cost*	
Financial assets		
Non-current		
Loans	14,76,49,437	10,77,46,813
Current		
Trade receivables	10,58,00,958	40,96,800
Cash and Cash equivalents	18,92,865	14,08,689
Bank balances other than cash and cash equivalents	12,47,404	11,59,167
Loans	1,67,343	2,75,327
Other Financial assets	1,22,88,069	14,19,933
	26,90,46,076	11,61,06,729
Financial liabilities		
Non-current		
Borrowings	15,53,50,296	28,87,21,799
Current		
Trade payables	13,88,76,395	1,53,46,634
Other financial liabilities	11,14,57,085	16,21,119
	40,56,83,776	30,56,89,552

*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, 2020 and March 31, 2019 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).

32 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, 2020	As at March 31, 2019
Total debts*	26,02,86,296	28,87,21,799
Total equity#	26,40,48,721	19,95,97,880
Debt equity ratio	0.99	1.45

* includes long term borrowings with current maturities (if any).

includes equity share capital and other equity.

Note: The Company is in compliance with all the loan covenants on all the borrowings outstanding as on the reporting dates.

Rasa Autocom Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020**

(All amounts are in ₹ unless otherwise stated)

33 Financial risk management**33A 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, 2020	As at March 31, 2019
Trade payable (USD exposure, amounts in ₹)	5,79,551	6,82,854
Advances to vendor (USD exposure, amounts in ₹)	(3,29,933)	-
Impact on profit and loss account on account of change in currency		
Sensitivity to increase of 1%	(2,496)	(6,829)
Sensitivity to decrease of 1%	2,496	6,829

b. Interest rate risk:

The Company is not exposed to interest rate risk as the Company does not have any variable rate borrowings.

33B 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, 2020	As at March 31, 2019
Cash and cash equivalents	18,92,865	14,08,689
Bank balances other than cash and cash equivalents	12,47,404	11,59,167
Trade receivables	10,58,00,958	40,96,800
Loans	14,78,16,780	10,80,22,140
Other financial assets	1,22,88,069	14,19,933

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, 2020 and March 31, 2019 is insignificant. Top two customers for the year ended March 31, 2020 constitute 100% of net trade receivables. (March 31, 2019: 99.54%)

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:

	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Outstanding for more than six months	-	-
Others*	10,58,00,958	40,96,800
	10,58,00,958	40,96,800

* There are no overdue trade receivables

Rasa Autocom Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020****(All amounts are in ₹ unless otherwise stated)****33C 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, 2020				
Borrowings (including current maturities)	10,49,36,000	15,53,50,296	-	26,02,86,296
Trade payable (including payable for capital goods)	14,48,30,838	-	-	14,48,30,838
Employee benefit payable	5,66,642	-	-	5,66,642
	25,03,33,480	15,53,50,296	-	40,56,83,776
As at March 31, 2019				
Borrowings (including current maturities)	-	10,49,36,000	18,37,85,799	28,87,21,799
Trade payable (including payable for capital goods)	1,54,14,634	-	-	1,54,14,634
Employee benefit payable	15,53,119	-	-	15,53,119
	1,69,67,753	10,49,36,000	18,37,85,799	30,56,89,552

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Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

34) Dues to micro, small and medium enterprises

	As at March 31, 2020		As at March 31, 2019	
	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;	933,815	-	155,738	-
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.	-	-	-	-

35) Commitments

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances: ₹ 2,516,638 (March 31, 2019: Nil)]	2,388,563	-

36) Employment benefits

A. Defined benefit plan

a. Provident fund and other funds*:

	Year ended March 31, 2020	Year ended March 31, 2019
Employer's contribution to provident fund	860,160	732,315
Employer's contribution to ESI	116,267	179,060

*Included in contribution to provident and other fund (refer note 26).

Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

b. Defined benefit plan- Gratuity

B1: Change in defined benefit obligation

	Year Ended March 31, 2020	Year Ended March 31, 2019
Present value of obligation as at beginning of the year	1,976,328	2,250,043
Current service cost	267,761	194,571
Interest cost	151,387	173,478
Benefits paid	(66,731)	(91,569)
Actuarial (gain)/ loss on obligation	1,206,125	(5,50,195)
Present value of obligation as at end of the year	3,534,870	19,76,328

B2: Amounts to be recognised in the Balance Sheet

	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the end of the period	3,534,870	1,976,328
Net liability recognised in Balance Sheet		
- Non current	3,368,726	1,938,226
- Current	166,144	38,102

B3 Expense recognised during the year

	Year ended March 31, 2020	Year ended March 31, 2019
In Statement of Profit and Loss		
Current service cost	267,761	194,571
Interest cost	151,387	173,478
Net cost	419,148	368,049
In Other comprehensive income		
-- Change in demographic assumptions	(1006)	-
-- Change in financial assumptions	268,803	9,913
-- experience variance (i.e. actual experience vs assumptions)	938,328	(560,108)
Net cost	(1,206,125)	550,195

B4 Actuarial assumptions:

	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.80%	7.66%
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, 2020**

(All amounts in ₹ unless otherwise stated)

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, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	(160,907)	172,380	(96,134)	103,452
Impact of change in salary (+/- 0.5%)	173,730	(163,566)	105,134	(98,482)
Impact of change on attrition rate (+/- 0.5%)	(144,440)	15,319	15,644	(16,682)

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
Defined benefit obligation at the end of the period	1,513,327	1,322,514	2,250,043	1,976,328	3,534,870
Experience (gain)/ loss adjustment	392,955	(25,170)	711,108	(560,108)	938,328

Expected expense for the next annual reporting period amounts to ₹ 535,796.

C. Other long term benefit 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:

	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.80%	7.66%
Salary growth rate	5.50%	5.50%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	3.00%	3.00%
31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

37) Leases**Adoption of Ind AS 116**

The Company has adopted Ind AS 116 effective April 01, 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 adoption of this standard did not have any impact on the profit for the year and earnings per share.

Rasa Autocom Limited**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020****(All amounts in ₹ unless otherwise stated)**

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:

	Amount
Total operating lease commitments disclosed at 31 March 2019	840,000
Less: Leases with remaining lease term of less than 12 months	840,000
Total lease liabilities recognised under Ind AS 116 at April 01, 2019	-

The Company has applied practical expedient available as per Ind AS 116 and has not recognised right of use asset and lease liability for leases with remaining lease term of less than 12 months.

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 ₹ 1,680,000 for the year ending March 31, 2020 towards expense relating to short-term lease (March 31, 2019 ₹ 1,680,000). As at March 31, 2020, the Company has committed short-term lease amounting to ₹ 700,000.

Total cash outflow pertaining to leases during the year ended March 31, 2020 is ₹ 1,680,000, the same pertains to short-term leases only.

38) Related party disclosures**a) Related parties****Holding company**

Rico Investments Limited (Immediate Holding Company)

Rico Auto Industries Limited (Ultimate Holding Company)

Fellow subsidiaries

Rico Jinfei Wheels Limited

Rico Aluminium and Ferrous Auto Components Limited

Rico Auto Industries Inc. (USA) (Subsidiary of Ultimate Holding Company)

Rico Auto Industries (UK) Limited, UK (Subsidiary of Ultimate Holding Company)

AAN Engineering Industries Limited (Subsidiary of Ultimate Holding Company)

Associate company

Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited)

Parties where significant influence is exercised by key management personnel and/or his relatives

Rico Castings Limited

Kapbros Engineering Industries Limited

ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Service Private Limited)

ASN Properties Private Limited

Magpie Manufacturing and Tech Private Limited

Key Management Personnel (KMP) of the Company and its Holding Company

Shri Om Prakash Aggarwal – Director and Chairman

Shri Vaibhav Agnihotri - Manager

Shri Vikas Bansal – Chief Financial Officer (Resigned w.e.f November 25, 2018)

Shri Parveen Kumar - Chief Financial Officer (from April 01, 2019)

Shri S Kartik - Company Secretary (from March 13, 2019)

Shri Parveen Garg – Chief Financial Officer (Immediate Holding Company)

Shri Arvind Kapur – Managing Director (Ultimate Holding Company)

Shri Arun Kapur – Joint Managing Director (Ultimate Holding Company)

Shri Rakesh Kumar Sharma – Chief Financial Officer (Ultimate Holding Company)

Shri B.M. Jhamb – Company Secretary (Ultimate Holding Company)

Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

b) Transactions with related parties

	Particulars	For the year ended	
		March 31, 2020	March 31, 2019
1	Rico Auto Industries Limited		
	Purchase of goods	201,803,179	92,239,780
	Sale of goods	851,172,549	659,153,162
	Purchase of assets	36,952,648	-
	Sale of assets	7,774,761	-
	Interest expense	31,541,857	28,435,503
	Advance taken	-	26,000,000
	Rent received	2,176,109	2,176,109
	Recovery of expenses	5,545,990	8,285,557
	Reimbursement of expenses	5,705,930	237,276
	Interest paid	59,977,360	-
2	Rico Castings Limited		
	Recovery of advance	-	13,000,000
	Interest income	6,700,000	73,425
3	Rico Jinfei Wheels Limited		
	Purchase of goods	158,505	6,564,279
	Sale of goods	149,304	-
	Job work expenses	239,304	1,158,400
4	Kapros Engineering Industries Limited		
	Job work expenses	-	-
	Purchase of goods	16,850	-
	Recovery of expenses	23,767,143	18,434,782
	Purchase of assets	-	116,983
5	ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)		
	Loan given	12,500,000	-
	Interest income	4,644,012	3,643,500
6	ASN Properties Private Limited		
	Loan given	28,000,000	-
	Interest income	1,672,678	-
7	Remuneration to Key Management Personnel		
	Vaibhav Agnihotri – Manager	2,634,083	2,386,948
	Vikas Bansal – Chief Financial Officer	-	390,764
	Parveen Kumar – Chief Financial Officer	350,913	-

c) Balances with related parties:

Particulars	As at	As at
	March 31, 2020	March 31, 2019
1 Rico Auto Industries Limited		
Balance payable	1,069,376	23,529,254
Balance receivable	100,291,335	-
Loan outstanding	260,286,296	288,721,799

Rasa Autocom Limited**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020**

(All amounts in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
2 Rico Castings Limited		
Loans (Advance converted to loan)	67,000,000	67,000,000
Interest income (receivable) net of TDS	6,029,998	66,082
3 Rico Jinfei Wheels Limited		
Balance payable	-	72,152
4 Kapros Engineering Industries Limited		
Balance receivable	1,425,387	1,630,587
5 ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)		
Inter corporate deposits	47,200,000	35,508,554
Interest income (receivable) net of TDS	1,109,006	-
6 ASN Properties Private Limited		
Inter Corporate deposits	28,000,000	-
Interest Receivable	1,259,999	-

39) 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, 2020	As at March 31, 2019
Trade receivables*	105,800,958	4,096,800
Contract liabilities		
- Advances from customers	150,232	26,127,317

* Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

Significant changes in contract liabilities during the year are as follows:

Advances from customers	As at March 31, 2020
Opening balances	26,127,317
Addition during the year	150,232
Amount adjusted during the year	(26,127,317)
Closing balance	150,232

40) Segment reporting

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.

41) Event after Balance sheet date

There are no reportable subsequent events after the balance sheet date.

Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

(All amounts in ₹ unless otherwise stated)

42) Reconciliation of liabilities from financing activities

During the previous years, there was amendment to Ind AS 7 Statement of cash flows, which require 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 adoption of the amendment did not have any material impact on the financial statements; accordingly, the reconciliation is not disclosed.

43) 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.

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

45) The financial statements for the year ended March 31, 2020 were authorised and approved for issue by the board of directors on June 16, 2020.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm registration No. 001076N/N500013

For and on behalf of the Board of Directors of
RASA Autocom Limited

Arun Tandon
Partner
Membership No.: 517273

Om Prakash Aggarwal
Director & Chairman
DIN: 01537211

Sandeep Rajpal
Director
DIN: 07230059

Place: New Delhi
Date: June 16, 2020

Parveen Kumar
Chief Financial Officer

S Kartik
Company Secretary

INDEPENDENT AUDITOR'S REPORT

The Members of Rico Aluminium and Ferrous Auto Components Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Rico Aluminium and Ferrous Auto Components Limited (“the Company”)** which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 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, the cash flows and its changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of Ind AS 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 Ind AS 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.

Other Information

Our opinion on the Ind AS 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 Ind AS 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 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 Ind AS 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 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 Ind AS 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 Ind AS Financial Statement

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

A further description of the auditor's responsibilities for the audit of the Ind AS 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 Ind AS 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 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 Ind AS 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 Ind AS financial statements – **Refer Note 38** to the Ind AS 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 Budhraja Adlakha & Co.
Chartered Accountants
Firm's Reg. No.: 005154N**

**Rahool Adlakha
Partner
Membership No.: 083788
UDIN:20083788AAAAAW7197**

Place: Gurugram

Date: June 16, 2020

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 Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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:20083788AAAAAW7197**

Place: Gurugram

Date: June 16, 2020

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) 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) 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, 2020 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, 2020 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	Commissioner of CGST	2015-16, 2016-17 & Upto June 2017	Rs.4.51 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:20083788AAAAAW7197

Place: Gurugram
Date: June 16, 2020

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 2020 in conjunction with our audit of the Ind AS 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 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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:20083788AAAAAW7197**

**Place: Gurugram
Date: June 16, 2020**

Rico Aluminium and Ferrous Auto Components Limited

Balance Sheet as at March 31, 2020

[Rupees in Lakhs]

Particulars	Notes No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipments	5	4,031.01	4,587.57
Capital work-in-progress	5	101.89	184.89
Intangible assets	6	30.16	39.78
Financial Assets			
- Loans	7	1,304.63	1,325.05
Deferred tax Assets (net)	19	315.66	-
Other non-current assets	13	15.52	9.80
Total non-current assets		5,798.87	6,147.09
Current assets			
Inventories	8	1,973.44	2,112.05
Financial Assets			
- Trade receivables	9	1,979.98	1,724.67
- Cash and Bank balance	10	7.40	2.78
- Loans	7	46.31	45.82
- Other financial assets	11	188.22	38.68
Current tax assets (net)	12	26.99	97.92
Other current assets	13	331.59	262.51
Total current assets		4,553.93	4,284.43
Total Assets		10,352.80	10,431.52
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	4,605.00	4,605.00
Other Equity	15	(872.02)	141.06
		3,732.98	4,746.06
Non-current liabilities			
Financial Liabilities			
- Borrowings	16	300.00	450.00
Provisions	18	850.93	818.36
Deferred tax liabilities (net)	19	-	33.39
Other non-current liabilities	20	13.72	8.59
Total non-current liabilities		1,164.65	1,310.34
Current liabilities			
Financial Liabilities			
- Borrowings	16	262.54	295.27
- Trade Payables	21	4,557.70	3,053.90
- Other financial liabilities	17	438.04	772.67
Provisions	18	42.42	33.00
Other current liabilities	20	154.47	220.29
Total current liabilities		5,455.17	4,375.12
Total Liabilities		10,352.80	10,431.52

The accompanying notes (1 to 48) are forming part of these financial statements

In terms of our report attached

For Budhraj Adlakha & Co.

Chartered Accountants

Firm Registration No :005154N

For and on behalf of the Board of Directors

 Rahoo Adlakha
 Partner
 Membership No. - 083788

 Rajiv Kumar Miglani
 Managing Director
 DIN-06873155

 Naresh Kumar Sethi
 Director
 DIN-00202498

 Place : Gurugram
 Date : June 16, 2020

 Mukesh Goyal
 Chief Financial Officer

 Rahul Das
 Company Secretary

Rico Aluminium and Ferrous Auto Components Limited
Statement of profit & Loss for the year ended March 31, 2020

[Rupees in Lakhs]

Particulars	Notes No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
INCOME			
Revenue from Operations (Gross)	22	19,190.02	25,167.06
Other Income	23	172.15	187.21
Total Income		19,362.17	25,354.27
EXPENSES			
Cost of Material Consumed	24	6,895.04	9,587.19
Changes in Inventories of finished goods & work-in-progress	25	(87.68)	(310.48)
Other Manufacturing Expenses	26	7,651.47	9,711.66
Employee benefits expenses	27	3,716.22	3,692.00
Finance costs	28	93.37	120.44
Depreciation and amortisation expenses	29	658.93	719.29
Other expenses	30	1,549.25	1,624.50
Total expenses		20,476.60	25,144.60
Profit/(loss) before exceptional items and tax		(1,114.43)	209.67
Exceptional Items	31	157.96	46.56
Profit/(loss) before tax		(1,272.39)	163.11
Tax expense			
Current Tax	32	-	32.29
MAT Credit entitlement		-	(32.29)
Previous year tax		-	5.24
Deferred tax charges		(354.58)	48.95
Profit/(loss) for the year from continuing operations		(917.81)	108.92
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:-			
Re-measurement gains (losses) on defined benefit plans		21.30	0.34
Income tax benefit		(5.54)	(0.11)
Net other comprehensive income not to be reclassified to profit or loss		15.76	0.23
Total Comprehensive income for the year, net of tax		(902.05)	109.15
Earnings per equity share (Nominal value of Rs. 10/each)			
Basic	33	(1.99)	0.24
Diluted		(1.99)	0.24

The accompanying notes (1 to 48) 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

Rajiv Kumar Miglani
Managing Director
DIN-06873155

Naresh Kumar Sethi
Director
DIN-00202498

Place : Gurugram
Date : June 16, 2020

Mukesh Goyal
Chief Financial Officer

Rahul Das
Company Secretary

Rico Aluminium and Ferrous Auto Components Limited

Statement of Changes in equity for the year ended March 31, 2020

[Rupees in Lakhs]

a. Equity Share Capital	Amount
Balance at April 1, 2019	4,605.00
Changes in equity share capital during the year	-
Balance at 31st March, 2020	4,605.00

	Reserve & Surplus		Items of other comprehensive income	
	General Reserve	Retained Earnings	Debt instrument through other comprehensive income	Total
Balance at April 1, 2019	-	141.06	-	141.06
Profit for the year	-	(917.81)	-	(917.81)
Other comprehensive income for the year, net of tax	-	15.76	-	15.76
Total comprehensive income for the year	-	(760.99)	-	(760.99)
Payment of Interim Dividend	-	(92.10)	-	(92.10)
Tax on Dividend	-	(18.93)	-	(18.93)
Balance at March 31, 2020	-	(872.02)	-	(872.02)

The accompanying notes (1 to 48) are forming part of these financial statements

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

For and on behalf of the Board of Directors

Rahool Adlakha
Partner
Membership No. - 083788

Rajiv Kumar Miglani
Managing Director
DIN-06873155

Naresh Kumar Sethi
Director
DIN-00202498

Place : Gurugram
Date : June 16, 2020

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, 2020

[Rupees in Lakhs]

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash Flow From Operating Activities		
Profit before tax	(1,272.39)	163.11
Extraordinary Items	157.96	46.56
Adjustments for :		
Depreciation and amortisation expenses	658.93	719.29
Finance Costs	89.90	120.44
Interest Income	(136.73)	(146.93)
Re-measurement loss/(gain) on defined benefit plans	21.30	0.34
Net loss/(gain) on sale/discarding of property, plant and equipment	2.72	(5.25)
Impairment of Intangible Assets (Goodwill)	9.62	
Operating profit before working capital changes	(468.69)	897.56
Adjustments for:		
- (Increase)/decrease in loans (non-current)	20.42	-
- (Increase)/decrease in other non-current assets	(5.72)	55.99
- (Increase)/decrease in inventories	138.61	(90.33)
- (Increase)/decrease in trade receivables	(255.31)	(35.07)
- (Increase)/decrease in loans (current)	(0.49)	0.97
- (Increase)/decrease in other financial assets (current)	(149.54)	7.69
- (Increase)/decrease in other current assets	(69.07)	30.32
- Increase/(decrease) in other non current liabilities	5.13	(5.93)
- Increase/(decrease) in other financial liabilities (Non-current)	-	-
- Increase/(decrease) in non-current provisions	32.57	57.41
- Increase/(decrease) in trade payables	1,503.78	508.21
- Increase/(decrease) in other financial liabilities (current)	(334.63)	(19.28)
- Increase/(decrease) in current provisions	9.42	11.19
- Increase/(decrease) in other current liabilities	(65.80)	(148.12)
Cash Generated From operations	829.37	373.05
Income tax paid (net)	70.93	16.70
Cash Generated From operations before extraordinary Items	900.30	389.75
Extraordinary Items	(157.96)	(46.56)
Net Cash from/(used in) Operating Activities (A)	273.65	1,240.75
Cash Flow From Investing Activities		
Payments for purchase of property, plant and equipment and capital work in progress	(801.75)	(1,002.28)
Proceeds from sale of property, plant and equipment	779.64	101.03
Proceeds from sale of debt mutual funds	-	-
Interest received	136.73	146.93
Net Cash from/(used in) Investing Activities (B)	114.62	(754.32)
Cash Flow From Financing Activities		
Proceeds from long term borrowings	-	-
Proceeds from Short term borrowings	(32.72)	14.30
Repayment of long term borrowings	(150.00)	(300.00)
Finance cost paid	(89.90)	(120.44)
Payment of dividend on equity shares	(92.10)	(92.10)
Income tax on dividend Payment	(18.93)	(18.93)
Net Cash from/(used in) Financing Activities (C)	(383.65)	(517.17)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	4.62	(30.74)
Add: Cash and Cash Equivalents at the beginning of the year	2.78	33.52
Cash and Cash Equivalents at the end of the year	7.40	2.78
Components of cash and cash equivalents		
Cash on Hand	0.01	0.55
With banks -		
On Current Accounts & cheque in hand	7.39	2.23
Total cash and cash equivalents (Refer Note No.-10)	7.40	2.78

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

Rajiv Kumar Miglani
Managing Director
DIN-06873155

Naresh Kumar Sethi
Director
DIN-00202498

Place : Gurugram
Date : June 16, 2020

Mukesh Goyal
Chief Financial Officer

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 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 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.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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.

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

Effective April 1, 2018, the Company adopted Ind AS 115 'Revenue from contracts with Customers' First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 was insignificant.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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

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) 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.

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 shareholder'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.

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 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.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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.

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 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.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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.

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.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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.

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.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

- **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

Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'.

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.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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, 2020	As at March 31, 2019
Leasehold Building	12.95	15.08
Plant and Machinery	3,343.12	3,933.19
Dies & Mould	122.13	140.57
Furniture and Fixtures	2.67	8.47
Office Equipments	5.91	11.15
Computer	22.81	3.72
Vehicles	25.07	23.64
Store & Spares	496.35	451.75
	4,031.01	4,587.57
Capital work-in-progress #	101.89	184.89
	101.89	184.89

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, 2019	15.72	5,648.08	186.29	17.76	24.99	15.90	52.98	482.49	6,444.21
Addition for the year	-	759.91	4.90	-	3.24	21.55	11.16	83.97	884.74
Disposal / adjustments	-	(1,540.64)	-	(11.65)	(14.05)	(2.19)	-	-	(1,568.53)
Balance at March 31, 2020	15.72	4,867.35	191.19	6.11	14.18	35.26	64.14	566.46	5,760.42

Accumulated Depreciation and Impairment

Particulars	Leasehold Building	Plant and Machinery	Dies & Mould	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Store & Spares	Total
Accum. dep as at April 1, 2019	0.64	1,714.89	45.73	9.29	13.84	12.18	29.35	30.73	1,856.65
Depreciation expenses	2.13	576.23	23.34	1.34	4.52	2.28	9.72	39.38	658.94
Disposal / adjustments	-	(766.89)	-	(7.19)	(10.09)	(2.01)	-	-	(786.17)
Balance at March 31, 2020	2.77	1,524.23	69.06	3.44	8.27	12.45	39.07	70.11	1,729.42

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, 2019	15.08	3,933.19	140.56	8.47	11.15	3.72	23.63	451.76	4,587.56
Addition for the year	-	759.91	4.90	-	3.24	21.55	11.16	83.97	884.74
Disposal / adjustments	-	(1,540.64)	-	(11.65)	(14.05)	(2.19)	-	-	(1,568.53)
Depreciation charges	(2.13)	190.66	(23.34)	5.85	5.57	(0.27)	(9.72)	(39.38)	127.24
Balance at March 31, 2020	12.95	3,343.12	122.13	2.67	5.91	22.81	25.07	496.35	4,031.01

6 Intangible Assets

Particulars	As at March 31, 2020	As at March 31, 2019
- Carrying amount of goodwill	30.16	39.78
Total	30.16	39.78
Cost or deemed cost		
Particulars	Value of Goodwill	Total
Deemed cost at April 1, 2019	39.78	39.78
Addition for the year	-	-
Disposal /Impairment/Adjustments	(9.62)	(9.62)
Balance at March 31, 2020	30.16	30.16
Accumulated amortisation and Impairment		
As at April 1, 2019	-	-
Amortisation expenses	-	-
Balance at March 31, 2020	-	-
Carrying amount of		
As at April 1, 2019	39.78	39.78
Addition for the year	-	-
Amortisation Expenses for the year	9.62	9.62
Balance at March 31, 2020	30.16	30.16

Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2020

[Rupees in Lakhs]

7 Loans (unsecured and considered good, unless otherwise stated)	As at March 31, 2020	As at March 31, 2019
Non-current		
Security Deposits	4.63	25.05
Other loans	1,300.00	1,300.00
	1,304.63	1,325.05
Current		
Employee related loans and advances	46.31	45.82
	46.31	45.82
	1,350.94	1,370.87
8 Inventories (lower of cost and net realisable value)	As at March 31, 2020	As at March 31, 2019
Raw Material & Components	279.78	327.64
Work-in-progress	817.09	792.32
Finished Goods	148.56	85.65
Goods in Transit of Finished Goods	8.94	-
Stores & Spares	719.07	906.44
	1,973.44	2,112.05
Note :		
8.1. The cost of inventories recognised as an expense includes of Rs 1.84 Lacs (previous year of Rs. 2.60 Lacs) in respect of provision for slow/non-moving inventory.		
8.2. The mode of valuation of inventories has been stated in note 3.8		
9 Trade Receivable	As at March 31, 2020	As at March 31, 2019
Unsecured - Considered good	1,979.98	1,724.67
- Considered doubtful	-	-
Total	1,979.98	1,724.67
9.1 The credit period generally allowed on domestic sales varies from 30 to 60 days (excluding transit period).		
Age of receivables	As at March 31, 2020	As at March 31, 2019
Within the credit period	318.65	911.21
Upto 6 months past due	1,661.09	813.46
More than 6 months past due	0.24	-
	1,979.98	1,724.67
10 Cash and Bank Balances	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents:		
Balances with Banks	7.39	2.23
Cash in hand	0.01	0.55
	7.40	2.78
Cash and cash equivalents as per cash flow statement	7.40	2.78

Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2020

[Rupees in Lakhs]

11 Other financial assets	As at March 31, 2020	As at March 31, 2019
<i>(unsecured and considered good, unless otherwise stated)</i>		
Current		
<i>Financial assets carried at amortised cost</i>		
Security Deposits	20.42	-
Income Tax Refundable	93.89	-
Interest accrued on Loans	61.66	30.29
Other Recoverable	12.25	8.39
	188.22	38.68
12 Current Tax Assets (net)		
	As at March 31, 2020	As at March 31, 2019
Advance Tax (taxes paid)	26.99	130.21
Provision for Tax (Tax liability)	-	(32.29)
	26.99	97.92
13 Other assets		
<i>(unsecured and considered good, unless otherwise stated)</i>		
	As at March 31, 2020	As at March 31, 2019
Non-current		
Capital Advances	10.70	6.25
Prepaid Expenses	4.82	3.55
	15.52	9.80
Current		
Advance to suppliers	44.30	21.92
Prepaid Expenses	70.19	65.41
Assets held for sale	41.11	-
Balance with Statutory/ Government Authorities on account of :	-	-
VAT, Sales Tax & GST	175.99	175.18
	331.59	262.51
14 Equity Share Capital		
	As at March 31, 2020	As at March 31, 2019
Authorised share capital:		
50000000 Equity Shares of Rs. 10 each (As at 31.03.2019 : 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 31.03.2019 : 46050000 Equity Shares of Rs. 10 each)	4,605.00	4,605.00
	4,605.00	4,605.00

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, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	46,050,000	4,605.00	46,050,000	4,605.00
Issued during the year	-	-	-	-
Balance as at the end of the year	46,050,000	4,605.00	46,050,000	4,605.00

c) Shares held by holding /ultimate holding company and /or their subsidiaries /associates

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Rico Investments Limited ,[Holding Co.] and its nominees	46,050,000	4,605.00	46,050,000	4,605.00
46050000 equity shares @ Rs 10 each fully paid up (Previous years 46050000 equity shares @ Rs 10 each fully paid up)				
	46,050,000	4,605.00	46,050,000	4,605.00

d) Details of shares held by each shareholder holding more than 5% shares

	As at March 31, 2020		As at March 31, 2019	
	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	46,050,000	100.00%	46,050,000	100%

15 Other Equity

	As at March 31, 2020	As at March 31, 2019
General reserves	-	-
Securities premium reserves	-	-
Retained earnings	(872.02)	141.06
	(872.02)	141.06

Retained earnings

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	141.06	142.94
Profit for the year	(917.81)	108.92
Other comprehensive income arising from remeasurement of defined benefit obligation *	15.76	0.23
Interim/Final Dividend Paid during the year	(92.10)	(92.10)
Tax Paid on Interim/Final Dividend	(18.93)	(18.93)
Balance at end of year	(872.02)	141.06

* Net of Income Tax of Rs 5.54 Lacs (Previous Year of Rs 0.11 lacs)

** During the year, a dividend of Rs. 0.20 per share, total dividend Rs. 92.10 Lacs (Previous Year Rs. 0.20 Per share, total dividend of Rs. 92.10 Lacs)was paid to equity shareholders.

Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2020

[Rupees in Lakhs]

16 Borrowings

	As at March 31, 2020	As at March 31, 2019
Non-current		
Secured		
Term loan from Bank ¹	450.00	750.00
	450.00	750.00
<i>The above amount includes</i>		
<i>Amount disclosed under the head "Current Maturities of long term debt"</i>	(150.00)	(300.00)
	300.00	450.00
Current		
Secured		
Loans repayable on demand from bank		
- Cash Credit and Overdraft ²	262.54	295.27
	262.54	295.27

Security Detail and Term of Repayment of Borrowings:

16.1. 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.).

In current year due to COVID -19 pandemic, the RBI has allowed the relaxation w.r.t. repayment of installments till August 31, 2020. which has been availed by the company due to which repayment of loan has been extended by two installments.

16.2. 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.).

17 Other Financial Liabilities

	As at March 31, 2020	As at March 31, 2019
Current		
Security Deposit	5.72	5.23
Current maturities of long term debts (Refer from note no. 16)	150.00	300.00
Payables to employees	281.82	466.63
Interest accrued	0.50	0.81
	438.04	772.67

18 Provisions

	As at March 31, 2020	As at March 31, 2019
Non-current		
Employee benefits		
- Provision for Gratuity	706.33	665.50
- Provision for Compensated Absences	144.60	152.86
	850.93	818.36
Current		
Employee benefits		
- Provision for Gratuity	32.24	25.17
- Provision for Compensated Absences	10.18	7.83
	42.42	33.00

Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2020

[Rupees in Lakhs]

19 Deferred Tax Liabilities

	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment and Intangible assets	167.27	166.16
Accrued expenses allowed in the year of payment	(112.92)	(78.75)
Remeasurement of Defined Benefit Obligations	0.57	(4.97)
Carry forward of Losses for future years	(321.05)	-
Mat Credit Entitlement	(48.18)	(48.18)
Other	(1.35)	(0.87)
Deferred tax liabilities/(assets) (Net)	(315.66)	33.39

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, 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)
Mat Credit Entitlement	(48.18)	-	-	(48.18)
Others	(0.87)	(0.48)	-	(1.35)
Net deferred tax liabilities	33.39	(354.58)	5.54	(315.66)
For the year ended March 31, 2019				
Property, plant and equipment and Intangible assets	181.10	(14.94)	-	166.16
Accrued expenses allowed in the year of payment	(63.51)	(15.24)	-	(78.75)
Remeasurement of Defined Benefit Obligations	(5.09)	-	0.12	(4.97)
Carry forward of Losses for future years	(80.00)	80.00	-	-
Mat Credit Entitlement	(15.89)	(32.29)	-	(48.18)
Others	-	(0.87)	-	(0.87)
Net deferred tax liabilities	16.61	16.66	0.12	33.39

* Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

** 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.

*** On account of reclassification to/from "Deferred Tax balances" from/to "Provision for Taxation" and intra movement within Deferred Tax Liabilities/Deferred tax Assets.

20 Other Liabilities

	As at March 31, 2020	As at March 31, 2019
Non-current		
Security Deposits	23.77	18.64
	23.77	18.64
The above amount includes		
Amount disclosed under the head "Current"	(10.05)	(10.05)
	13.72	8.59
Current		
Advance from customers	1.85	1.93
Statutory Liabilities	139.85	199.13
Security Deposits (Refer From non-current Note no 20)	10.05	10.05
Others	2.72	9.18
	154.47	220.29

21 Trade Payable

	As at March 31, 2020	As at March 31, 2019
Dues to Micro Enterprises and Small Enterprises *	180.41	120.67
Due to related parties (Refer Note No 36)	3,115.03	1,476.56
Other Payables	1,262.26	1,456.67
	4,557.70	3,053.90

* 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. 0.50 lacs (PY Rs. 0.81 Lacs) towards the interest in terms of the Micro, Small and Medium Enterprises Development Act, 2006.

Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2020

[Rupees in Lakhs]

22 Revenue from operations

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of Product		
Sale of Product	18,470.61	24,282.21
	-	-
	18,470.61	24,282.21
Other operating revenues		
Sale of Scrap	79.98	53.79
Income from Services/Job work Charges	346.79	681.40
Others	292.64	149.66
	719.41	884.85
Total Revenue	19,190.02	25,167.06

23 Other Income

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Incomes	136.73	146.93
Rental Income	35.34	34.86
Net gain on sale of property, plant and equipment	-	5.25
Miscellaneous Income	0.08	0.17
	172.15	187.21

24 Raw Material & Components consumed

	Year ended March 31, 2020	Year ended March 31, 2019
Raw material at the beginning of the year	327.64	398.49
Add: Purchase during the year	6,847.18	9,516.34
Less: Raw material at the end of the year	279.78	327.64
Cost of Material Consumed	6,895.04	9,587.19

25 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of year		
Work-in-progress	792.32	567.49
Finished goods	85.65	-
	877.97	567.49
Inventories at the end of year		
Work-in-progress	817.09	792.32
Finished goods	148.56	85.65
	965.65	877.97
Net Changes in Inventories	(87.68)	(310.48)

26 Other Manufacturing Expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of Stores and Spares :		
Mechanical Spares Consumed	260.43	394.12
Electrical Spares Consumed	126.60	160.04
Consumable Tools Consumed	659.37	826.01
Others Stores & Spares Consumed	816.28	981.46
Power & Fuel	4,393.39	5,760.19
Sub Contractor Expenses	1,340.65	1,523.36
Machine hire charges	54.75	66.48
	7,651.47	9,711.66

27 Employee Benefit expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and Wages	3,322.31	3,326.18
Contribution to provident and other funds	189.97	184.20
Staff Welfare expenses	203.94	181.62
	3,716.22	3,692.00

Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2020

[Rupees in Lakhs]

28 Finance Costs

	Year ended March 31, 2020	Year ended March 31, 2019
Bank Charges	2.55	3.11
Interest costs:		
- Term Loan	62.94	89.46
- Cash credit & Overdraft	26.96	27.03
Other Interest costs	0.92	0.84
	93.37	120.44

29 Depreciation and Amortisation Expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment	658.93	719.29
	658.93	719.29

30 Other Expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Line Rejection, Re-Work Charges	-	0.85
Packing Material	236.63	298.01
Freight Outward Expenses	89.95	95.04
Rent	826.83	864.29
Repairs and Maintenance - Buildings	13.91	16.02
Repairs and Maintenance - Machinery	84.54	14.60
Repairs and Maintenance - Others	7.68	11.73
Insurance	146.27	129.29
Rates & Taxes	4.79	7.82
Directors Sitting Fee	3.80	4.20
Travelling & Conveyance	16.89	39.33
Professional Charges	20.20	30.06
Vehicle Expenses	32.29	33.42
Printing & Stationery	17.02	21.14
Staff Recruitment & Training	1.84	1.64
Membership & Subscription	-	0.04
Communication Expenses	6.58	6.16
Foreign Exchange Fluctuation	0.30	2.38
Testing Charges	17.38	41.86
Balance Written Off	3.44	0.03
Impairment of Intangible Assets (Goodwill)	9.62	-
Loss on Sale or Discard of Assets	2.72	-
Miscellaneous Expenses	1.57	1.59
Payment to Auditors;		
Audit Fees (incl. of Limited Reviews)	4.75	4.75
Taxation Matters	0.25	0.25
Others	-	-
	1,549.25	1,624.50

31 Exceptional Items

	Year ended March 31, 2020	Year ended March 31, 2019
Service Compensation	64.00	15.36
VRS Benefit	93.96	31.20
	157.96	46.56

32 Income Taxes

Rs. In lakhs

32.1 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax		
In respect of the current year	-	32.29
	-	32.29
Deferred Tax		
In respect of the current year	(354.58)	48.95
Mat Credit Entitlement (Created)	-	(32.29)
	(354.58)	16.66
Total income tax expense recognised in the current year	(354.58)	48.95

The income tax expense for the year can be reconciled to the accounting profit as follows

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	(1,272.39)	163.11
Substantially enacted tax rate	-	53.93
Exempted Income	-	0.00
Accrued expenses allowed in the year of payment	-	(21.64)
Current Tax Provision	-	32.29
Incremental deferred tax liability on account of property, plant and equipment and Intangible assets	1.11	16.69
Incremental deferred tax liability/ (Assets) on account of Financial Assets and other items.	-355.69	32.26
Deferred Tax Provision	(354.58)	48.95

32.2 Income tax recognised in other comprehensive income

Arising on income and expenses recognised in other comprehensive income

- Remeasurement of defined benefit obligation

	For the year ended March 31, 2020	For the year ended March 31, 2019
	5.54	0.11
	5.54	0.11

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, 2020	For the year ended March 31, 2019
Profit for the year, as per Statement of Profit & Loss (Rs.)	(917.81)	108.92
Weighted average number of equity shares for the purposes of basic/diluted earnings per share (in Nos)	46050000	46050000
Basic Earning Per share (Rs.)	(1.99)	0.24
Diluted Earning Per share (Rs.)	(1.99)	0.24

34 Retirement and Other Employee Benefits

The various benefits provided to employees by the Company are as under:

- -

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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, 2020	March 31, 2019
	(Rs.)	(Rs.)
Employers contribution to provident fund & Employee's Pension Scheme	179.88	169.94
Employers contribution to Employee State Insurance	6.50	12.64

34.2 Defined benefit plans and other long term benefits

- Employers contribution to gratuity fund
- Leave encashment/compensated absences

	March 31, 2020	March 31, 2019
	(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, 2020		
Discount rate	6.80%	6.80%
Salary escalation rate	5.50%	5.50%
Expected rate of return on plan assets	-	-
As at March 31, 2019		
Discount rate	7.70%	7.70%
Salary escalation rate	6.25%	6.25%
Expected rate of return on plan assets	-	-

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

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, 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
Year ended March 31, 2019		
Current Service Cost	49.80	19.02
Past Service Cost	-	-
Actuarial (gain)/ loss	-	31.46
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	48.82	12.19
Expenses recognised in profit or loss	98.62	62.67

c) Components of expenses recognised in the other comprehensive income in respect of:

	Employee Gratuity Fund	Leave encashment/ Compensated Absences
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)	-
Year ended March 31, 2019		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	8.22	-
- Experience variance	(8.56)	-
- 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	(0.34)	0.00

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, 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)
As at March 31, 2019		
Present value of obligation	690.66	160.69
Fair value of plan assets	-	-
Surplus / (deficit)	(690.66)	(160.69)
Effects of asset ceiling, if any	-	-
Net asset / (liability)	(690.66)	(160.69)

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

e) Movement in the present value of the defined benefit obligation are as follows:

	Gratuity Fund	Leave encashment/ Compensated Absences
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
Year ended March 31, 2019		
Present value of obligation as at the beginning	626.37	156.37
Current service cost	49.80	19.02
Interest expense or cost	48.82	12.19
Remeasurement (or actuarial) (gain) / loss arising from:		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	8.22	1.94
- Experience variance	(8.56)	29.53
- Others	-	-
Past service cost	-	-
Benefits paid	(34.00)	(58.36)
Present value of obligation as at the end	690.66	160.69

f) Movement in the fair value of the plan assets are as follows:

	Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2020	NIL	NIL
Year ended March 31, 2019	NIL	NIL

g) Major categories of plan assets (as percentage of total plan assets)

	Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2020	NIL	NIL
Year ended March 31, 2019	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, 2020	March 31, 2019
Defined Benefit Obligation (Base)	738.56	690.66

Particulars	March 31, 2020		March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.5%) (% change compared to base due to sensitivity)	783.45 6.1%	697.17 -5.6%	733.84 6.3%	650.92 -5.8%
Salary Growth Rate (- / + 0.5%) (% change compared to base due to sensitivity)	696.31 -5.7%	784.00 6.2%	650.22 -5.9%	734.24 6.3%
Attrition Rate (- / + 50% of attrition rates) (% change compared to base due to sensitivity)	734.13 -0.6%	742.71 0.6%	684.75 -0.9%	695.97 0.8%
Mortality Rate (- / + 10% of mortality rates) (% change compared to base due to sensitivity)	738.26 0.0%	738.88 0.0%	690.29 -0.1%	691.03 0.1%

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
Key Management personnel of Holding Company	Mr. Arvind Kapur Mr. Arun Kapur

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

ii) Key Management personnel (KMP)

Details of Key Managerial personnel are as under :

Name of key persons

Mr. Rajiv Kumar Miglani	Managing Director (W.e.f. August 1, 2019)
Mr. Ranjeet Singh Yadav	Manager (till July 25, 2019)
Mr. Mukesh Goyal	Chief Financial Officer
Mr. Vishal Jadon	Company Secretary (till June 1, 2019)
Mr. Rahul Das	Company Secretary (w.e.f. November 30, 2019)

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, 2020</u>	<u>March 31, 2019</u>
i).Rico Auto Industries Ltd.		
Transactions during the year		
Sale of Finished / Unfinished Goods	20,239.46	26,523.44
Job Work Income	328.60	801.18
Purchase of Raw Material /consumables/store	807.00	898.41
Purchase of Capital Goods	213.17	47.99
Sale of Capital Goods	771.06	41.47
Support service expenses	80.64	-
Rent income	41.70	41.13
Rent paid	841.04	841.04
Interest paid	-	-
Loan taken	-	-
Balance written off during the year	-	-
Capital advance taken	-	-
Reimbursement of Expenses (Paid)	4,762.07	6,344.10
Amount payable	3,115.03	1,476.56
Amount receivable		
ii).AAN Engineering Industries Ltd		
Transactions during the year		
Purchase of Raw Material /consumables/store	3.01	72.55
Amount payable	-	-
Amount receivable	-	-

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

iii).Rico Jinfei Wheels Ltd.

Transactions during the year

Purchase of Raw Material / /consumables/store	-	-
Sale of Capital Goods	0.24	5.62
Purchase of Capital Goods	0.02	93.34
Amount payable	-	-
Amount receivable	0.42	-

iv).Kapros Engineering Industries Ltd.

Transactions during the year

Purchase of Raw Material / /consumables/store	56.83	197.38
Job work expenses	43.88	220.49
Sale of Capital Goods	83.09	60.00
Purchase of Capital Goods	87.00	-
Sale of Goods / Material	3,873.12	4,294.49
Amount payable	-	-
Amount receivable	1,979.56	1,510.96

v).Rico Castings Limited

Transactions during the year

Interest Received	136.50	136.50
Amount payable	-	-
Interest accrued receivable	61.42	30.29
Amount receivable	1,300.00	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	24.66	0.00
Mr. Ranjeet Singh Yadav	12.73	38.33
Mr. Mukesh Goyal	29.77	24.99
Mr. Vishal Jadon	0.71	1.98
Mr. Rahul Das	1.34	0.00
	69.21	65.30

37 Capital and other commitments

Estimated amount of contracts remaining to be executed on account of capital commitment Rs 78.24 Lakh (previous year Rs. 28.26 Lakh) net of advance Rs 11.93 Lakh (previous year Rs. 6.25 Lakh)

38 Contingent Liabilities

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	4.51 Crore	4.51 Crore
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b) Demand against the company acknowledged as liability i.e. Income Tax, Sales Tax etc.	NIL	NIL
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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 names of the enterprises to whom the Company owes any sum which is outstanding at the year end are as follows :

	March 31, 2020	March 31, 2019
The principal amount balance as on	180.41	120.67
Interest due thereon	0.50	0.81

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

40 Value of imports calculated on CIF basis

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Raw Material & Components	28.19	33.77
Consumable Stores	56.64	35.12
Capital Goods	-	41.79

41 Income in Foreign Currency (Accrual Basis)

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Export Sales	-	-

42 Expenditure in Foreign Currency (Accrual Basis)

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Foreign Travels expenses	-	8.44

43 Imported and indigenous raw material, components and spares parts consumed

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Raw Material		
Indigenous	5,909.84	7657.89
Imported	-	-
	5,909.84	7657.89
Percentage of total consumption		
Indigenous	100%	100%
Imported	0%	0%
 Components		
Indigenous	868.46	1577.55
Imported	29.05	41.27
	897.51	1618.82
Percentage of total consumption		
Indigenous	97%	97%
Imported	3%	3%
 Stores & Spares		
Indigenous	1,790.92	2340.97
Imported	71.77	20.66
	1,862.69	2361.63
Percentage of total consumption		
Indigenous	96%	99%
Imported	4%	1%

35 Financial instruments and risk management

[Rupees in Lakhs]

35.1 A Financial Instruments by Category

	March 31, 2020		March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets*				
<i>Non Current</i>				
Loans	-	1,304.63	-	1,325.05
<i>Current</i>				
Investments	-	-	-	-
Trade Receivables	-	1,979.98	-	1,724.67
Cash and Cash Equivalents	-	7.40	-	2.78
Loans	-	46.31	-	45.82
Other financial assets	-	188.22	-	38.68
Total financial assets	-	3,526.54	-	3,137.00
Financial liabilities				
<i>Non Current</i>				
Borrowings (excluding current maturities)	-	300.00	-	450.00
Other financial liabilities	-	-	-	-
<i>Current</i>				
Borrowings	-	262.54	-	295.27
Trade payables	-	4,557.70	-	3,053.90
Other financial liabilities	-	438.04	-	772.67
Total financial liabilities	-	5,558.28	-	4,571.83

35.2 Financial 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, 2020	March 31, 2019
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 31,2020					
Particulars	USD	JPY	EURO	GBP	Total
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
March 31,2019					
Particulars	USD	JPY	EURO	GBP	Total
Trade payable (In INR)	2.89	7.81	1.07	2.51	14.28
Net payable	2.89	7.81	1.07	2.51	14.28
Sensitivity to increase of 1%	(0.03)	(0.08)	(0.01)	(0.03)	(0.14)
Sensitivity to decrease of 1%	0.03	0.08	0.01	0.03	0.14

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, 2020	March 31, 2019
Variable rate borrowings	712.54	1,045.27
Fixed rate borrowings	-	-
Total borrowings	712.54	1,045.27

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, 2020	For the year ended March 31, 2019
Variable rate borrowings	Interest rate increase by 0.5%	4.70	6.08
	Interest rate decrease by 0.5%	(4.70)	(6.08)

35.2.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.

35.2.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, 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	5,102.57	-	150.00	305.72	-	5,558.28
	0- 3 months	3 - 6 months	6 months - 1 Year	1 - 3 Years	More than 3 years	Total
As at March 31, 2019						
Borrowing	370.27	75.00	150.00	450.00	-	1,045.27
Trade Payable (Goods, Service & Capital Goods)	3,053.90	-	-	-	-	3,053.90
Security Deposit	-	-	-	5.23	-	5.23
Others	467.43	-	-	-	-	467.43
Total	3,891.60	75.00	150.00	455.23	-	4,571.83

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.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	712.54	1,045.27
Cash and cash equivalent	(7.40)	(2.78)
Net Debts	705.14	1,042.48
Total Equity	3,732.98	4,746.05
Net debts to Total Equity	0.19	0.22

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 March 31, 2020	For the year ended March 31, 2019
<i>On Equity share of Rs.10 each</i>		
Final Dividend		
- Amount of dividend paid	92.10	Nil
- Dividend per equity share	0.20	Nil
Interim Dividend		
- Amount of dividend paid	Nil	92.10
- Dividend per equity share	Nil	0.20

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2020

44 Applicability of New and Revised Ind AS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

45 Rounding of amounts

All amounts disclosed in the financial statements and the accompanying notes have been rounded off to the nearest million as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

46 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.

47 Event Occurring after Balance Sheet Date

The Board of Directors has recommended Equity dividend of Rs. NIL per Share (Previous year Re 0.20 Per share) for the Financial year 2019 -20.

48 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

For and on behalf of the Board of Directors of Rico Aluminium and Ferrous Auto Components Ltd.

Rahool Adlakha
Partner
Membership No. 083788

Rajiv Kumar Miglani
Managing Director
(DIN- 06873155)

Naresh Kumar Sethi
Director
DIN-00202498

Place : Gurugram
Date: June 16,2020

Mukesh Goyal
Chief Financial Officer

Rahul Das
Company Secretary

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 2020, 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 2020, 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 Annual 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 Jinfei Wheels Limited, on the financial statements for the year ended 31 March 2020 (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 Annual 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, but not for the purpose of expressing an opinion on whether the Company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls;

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 2020 (Cont'd)

- 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;
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 2020 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 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 16 June 2020 as per Annexure B expressed unmodified opinion; and

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 2020 (Cont'd)

- 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 2020;
 - 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 2020;
 - 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 2020; 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
Partner
Membership No.: 517273

UDIN No.: 20517273AAAADD8180

Place: New Delhi
Date: 16 June 2020

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 2020 (Cont'd)

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, except for goods-in-transit. 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. 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.
- (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.

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 2020 (Cont'd)

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (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 Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

UDIN: 20517273AAAADD8180

Place: New Delhi
Date: 16 June 2020

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 2020 (Cont'd)

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 2020, 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

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 2020 (Cont'd)

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 controls were operating effectively as at 31 March 2020, 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 Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

UDIN: 20517273AAAADD8180

Place: New Delhi
Date: 16 June 2020

Rico Jinfei Wheels Limited
Balance sheet as at March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
(a) Property, plant and equipment	5	423,013,730	453,825,433
(b) Capital work-in-progress	5	68,254,780	69,105,890
(c) Financial assets			
(i) Loans	6	623,142	608,392
(d) Deferred tax assets	26	56,106,858	56,106,858
(e) Other non-current assets	7	1,144,504	4,140,133
Total non-current assets		549,143,014	583,786,706
Current assets			
(a) Inventories	8	50,786,510	59,186,251
(b) Financial assets			
(i) Trade receivable	9	116,576,045	142,538,436
(ii) Cash and cash equivalents	10	304,252	64,369
(iii) Loans	6	49,039,387	49,066,378
(c) Other current assets	7	72,383,951	47,395,509
Total current assets		289,090,145	298,250,943
Total assets		838,233,159	882,037,649
Equity and liabilities			
Equity			
(a) Equity share capital	11	475,000,000	380,000,000
(b) Other equity	12	(444,870,369)	(450,553,434)
Total equity		30,129,631	(70,553,434)
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	467,549,839	615,709,915
(b) Provisions	14	7,485,412	7,467,172
(c) Other non-current liabilities	15	1,083,344	1,209,606
Total non-current liabilities		476,118,595	624,386,693
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	71,184,521	159,637,086
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	16	51,982,335	11,374,715
b) Total outstanding dues of creditors other than micro and small enterprises	16	74,534,215	122,178,194
(iii) Other financial liabilities	17	122,111,856	22,989,339
(b) Other current liabilities	15	10,453,912	10,900,393
(c) Provisions	14	1,718,094	1,124,663
Total current liabilities		331,984,933	328,204,390
Total equity and liabilities		838,233,159	882,037,649

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 Chandiok & Co LLP**
Chartered Accountants
Firm registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Rico Jinfei Wheels Limited

Arun Tandon
Partner
Membership No.: 517273

Om Prakash Aggarwal
Director
DIN: 01537211

Samarth Kapur
Whole Time Director
DIN: 01525517

Place: Gurugram
Date: June 16, 2020

Rakesh Kumar
Chief Financial Officer

Heera Lal
Company Secretary

Rico Jinfei Wheels Limited
Statement of profit and loss for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Revenue from operations	18	1,187,461,202	1,355,712,816
Other income	19	9,823,985	9,736,283
Total revenue		1,197,285,187	1,365,449,099
Expenses			
Cost of materials consumed	20	712,928,702	912,382,789
Change in inventories of finished goods and work in progress	21	1,637,582	(7,726,084)
Other manufacturing expenses	22	201,844,988	273,294,957
Employee benefits expense	23	75,353,363	69,021,785
Finance costs	24	77,727,386	66,556,162
Depreciation expense	5	55,393,950	38,885,886
Other expenses	25	66,173,505	93,185,592
Total expenses		1,191,059,476	1,445,601,087
Profit/(loss) before tax		6,225,711	(80,151,988)
Tax expenses			
Current tax	26	-	-
Deferred tax expense/(credit)	26	-	(4,201,608)
Total tax expense		-	(4,201,608)
Profit/(loss) for the year		6,225,711	(75,950,380)
Other comprehensive income/(loss)			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan obligations		(542,646)	(276,679)
Income tax		-	-
Other comprehensive income for the year		(542,646)	(276,679)
Total comprehensive income/(loss) for the year		5,683,065	(76,227,059)
Earnings per share			
Basic and diluted (nominal value per share ₹ 10)	27	0.16	(2.00)
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 Chandio & Co LLP**
Chartered Accountants
Firm registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Rico Jinfei Wheels Limited

Arun Tandon
Partner
Membership No.: 517273

Om Prakash Aggarwal
Director
DIN: 01537211

Samarth Kapur
Whole Time Director
DIN: 01525517

Place: Gurugram
Date: June 16, 2020

Rakesh Kumar
Chief Financial Officer

Heera Lal
Company Secretary

Rico Jinfei Wheels Limited
Statement of changes in equity for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

A Equity share capital

	No. of shares	Amount
Balance as at March 31, 2018	38,000,000	380,000,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	38,000,000	380,000,000
Changes in equity share capital during the year	9,500,000	95,000,000
Balance as at March 31, 2020	47,500,000	475,000,000

B Other equity

	Retained earnings	Total
Balance as at March 31, 2018	(374,326,375)	(374,326,375)
Net loss for the year	(75,950,380)	1,319,299
Other comprehensive income for the year (net of taxes)	(276,679)	30,886
Total comprehensive income for the year	(76,227,059)	1,350,185
Balance as at March 31, 2019	(450,553,434)	(450,553,434)
Net profit for the year	6,225,711	6,225,711
Other comprehensive income for the year (net of taxes)	(542,646)	(542,646)
Total comprehensive income for the year	5,683,065	5,683,065
Balance as at March 31, 2020	(444,870,369)	(444,870,369)

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
Partner
Membership No.: 517273

Place: Gurugram
Date: June 16, 2020

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

Rico Jinfei Wheels Limited
Cash flow statement for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Net profit before tax	6,225,711	(80,151,988)
Adjustments for:		
Depreciation expense	55,393,950	38,885,886
Profit/(loss) on sale of property, plant and equipment	(416,755)	6,216,694
Finance costs	77,727,386	66,556,162
Interest income	-	(43,080)
Operating profit before working capital changes	138,930,292	31,463,673
Movement in working capital		
Movement in inventories	8,399,741	14,367,416
Movement in trade receivables	25,962,391	5,183,838
Movement in financial assets (current and non-current)	12,241	76,651
Movement in other assets (current and non-current)	(21,619,568)	(30,401,623)
Movement in trade payables	(7,036,359)	(27,673,950)
Movement in other financial liabilities (current and non-current)	46,168	4,028,120
Movement in other liabilities and provisions (current and non-current)	(503,718)	(108,810)
	144,191,188	(3,064,685)
Direct taxes paid (net of refunds)	(1,208,065)	(900,230)
Net cash generated from/(used in) operating activities	142,983,123	(3,964,916)
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	(43,642,745)	(210,604,542)
Sale of property, plant and equipment	21,163,183	14,903,190
Movement in fixed deposits	-	1,203,529
Interest received	-	43,080
Net cash used in investing activities	(22,479,562)	(194,454,742)
C. Cash flow from financing activities		
Proceeds from non-current borrowings	-	150,110,906
Repayment of non-current borrowings	(101,847,845)	-
Proceeds from issue of equity shares	95,000,000	-
(Repayment)/proceeds from current borrowings (net)	(88,452,565)	114,543,146
Interest paid	(24,963,268)	(66,556,162)
Net cash (used in)/ generated from financing activities	(120,263,678)	198,097,892
Net increase/(decrease) in cash and cash equivalents	239,883	(321,766)
Cash and cash equivalents at the beginning of the year	64,369	386,135
Cash and cash equivalents at the close of the year (refer note 10)	304,252	64,369

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration No.: 001076N/N500013

Arun Tandon
Partner
Membership No.: 517273

Place: Gurugram
Date: June 16, 2020

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

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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, 2020.

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.

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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.

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.

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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) 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
Land	99
Plant & Machinery	5-20
Building	30-60
Furniture & Fixtures	10
Office equipment	5
Vehicles	8

iv) 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.

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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.

v) 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.

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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.

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.

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vi) 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.

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

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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.

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) Taxation

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).

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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) 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).

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.

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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.

xiii) 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.

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

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2020

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 Rupee 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; and
- carrying values of inventories.

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

5 Property, plant and equipment and capital work-in-progress

A Property, plant and equipment

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2019	Additions	Deletions	As at March 31, 2020	As at April 01, 2019	Charge for the year	Adjustment upon deletions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Land										
(a) Freehold	60,221,421	8,017,396	-	68,238,817	-	-	-	-	68,238,817	60,221,421
Buildings	84,792,943	-	-	84,792,943	5,708,651	2,799,425	-	8,508,076	76,284,867	79,084,292
Furniture and fixtures	1,866,642	-	-	1,866,642	1,086,868	202,862	-	1,289,730	576,912	779,774
Plant and machinery	387,545,212	36,226,498	20,636,625	403,135,085	79,440,190	50,668,444	1,046,243	129,062,391	274,072,694	308,105,022
Vehicles	9,363,364	1,055,260	2,319,095	8,099,529	4,767,021	1,274,398	1,163,050	4,878,369	3,221,160	4,596,343
Office equipment	2,344,747	29,520	-	2,374,267	1,306,166	448,821	-	1,754,987	619,280	1,038,581
Total property, plant and equipment	546,134,329	45,328,674	22,955,720	568,507,283	92,308,896	55,393,950	2,209,293	145,493,553	423,013,730	453,825,433

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2018	Additions	Deletions	As at March 31, 2019	As at April 01, 2018	Charge for the year	Adjustment upon deletions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Land										
(a) Freehold	60,221,421	-	-	60,221,421	-	-	-	-	60,221,421	60,221,421
Buildings	84,792,943	-	-	84,792,943	2,909,225	2,799,426	-	5,708,651	79,084,292	81,883,718
Furniture and fixtures	1,866,642	-	-	1,866,642	813,535	273,333	-	1,086,868	779,774	1,053,107
Plant and machinery	275,969,684	143,879,959	32,304,431	387,545,212	58,032,046	33,321,443	11,913,299	79,440,190	308,105,022	217,937,638
Vehicles	9,449,062	965,093	1,050,791	9,363,364	3,154,481	1,934,578	322,038	4,767,021	4,596,343	6,294,581
Office equipment	1,839,347	505,400	-	2,344,747	749,060	557,106	-	1,306,166	1,038,581	1,090,287
Total property, plant and equipment	434,139,099	145,350,451	33,355,222	546,134,329	65,658,347	38,885,886	12,235,337	92,308,896	453,825,433	368,480,752

B Capital work-in-progress

	Amount
Capital work-in-progress as at March 31, 2020	68,254,780
Capital work-in-progress as at March 31, 2019	69,105,890

C Reconciliation of carrying amount of portion of own used building at the beginning and end of the year*:

Particulars	Gross block	Accumulated depreciation	Net block
April 01, 2019	84,792,943	5,708,651	79,084,292
Additions	-	2,799,425	(2,799,425)
March 31, 2020	<u>84,792,943</u>	<u>8,508,076</u>	<u>76,284,867</u>

* The building is predominantly used by the Company for its own purpose, however, lets out a portion of the property on a short term basis.

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(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
6 Loans		
Unsecured, considered good		
Non-current		
Security deposits	623,142	608,392
	<u>623,142</u>	<u>608,392</u>
Current		
Security deposits (refer note 35)	49,000,000	49,000,000
Loans to employees	39,387	66,378
	<u>49,039,387</u>	<u>49,066,378</u>
7 Other assets		
Unsecured, considered good		
Non-current		
Capital advances	1,026,000	1,860,820
Advance income tax	-	1,974,328
Prepaid expenses	118,504	304,985
	<u>1,144,504</u>	<u>4,140,133</u>
Current		
Advances to suppliers (includes related party advances refer note 35)	67,848,563	46,223,617
Advance income tax	3,182,393	-
Balances with government authorities	83,044	-
Prepaid expenses	1,269,951	1,171,892
	<u>72,383,951</u>	<u>47,395,509</u>
8 Inventories		
(valued at lower of cost or net realisable value)		
Raw material and components	10,744,983	17,832,164
Goods-in-transit (components)	7,970,716	6,757,357
Work-in-progress	21,354,698	24,746,059
Finished goods	2,761,261	1,007,482
Stores and spares	7,954,852	8,843,189
	<u>50,786,510</u>	<u>59,186,251</u>
9 Trade receivables		
Unsecured, considered good	116,576,045	142,538,436
	<u>116,576,045</u>	<u>142,538,436</u>
10 Cash and cash equivalents		
Cash on hand	77,573	7,350
Balances with banks		
In current accounts	226,679	57,019
	<u>304,252</u>	<u>64,369</u>

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Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020**

(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2020		As at March 31, 2019	
11 Equity share capital				
a) Authorised				
73,000,000 equity shares of ₹ 10/- each		730,000,000		730,000,000
(March 31, 2019: 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		475,000,000		380,000,000
(March 31, 2019: 38,000,000 equity shares of ₹ 10/- each)				
c) Reconciliation of the shares outstanding at the beginning and at the end of year				
	Year ended March 31, 2020		Year ended March 31, 2019	
	Amount	No. of shares	Amount	No. of shares
Equity shares				
Shares outstanding as at the beginning of the year	380,000,000	38,000,000	380,000,000	38,000,000
Movement during the year	95,000,000	9,500,000	-	-
Shares outstanding as at the end of the year	<u>475,000,000</u>	<u>47,500,000</u>	<u>380,000,000</u>	<u>38,000,000</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, 2019		As at March 31, 2019	
	% of holding	No of shares	% of holding	No of shares
RICO Investments limited (immediate holding Company)	74.79%	35,525,000	93.49%	35,525,000
Rico Fluidtronics Limited	20.00%	9,500,000	-	-
Zhejiang Jinfei Kaida Wheel Company Limited	5.21%	2,475,000	6.51%	2,475,000
	<u>100%</u>	<u>47,500,000</u>	<u>100%</u>	<u>38,000,000</u>

*The above information is furnished as per the shareholders register as on March 31, 2020.

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, 2020
(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
12 Other equity		
Retained earning	(444,870,369)	(450,553,434)
	(444,870,369)	(450,553,434)
Deficit in statement of profit and loss		
Opening balance	(450,553,434)	(374,326,375)
Add/(Less) : Profit/(loss) transferred from statement of profit and loss	6,225,711	(75,950,380)
Less : Other comprehensive income/(loss) (net of taxes)	(542,646)	(276,679)
Closing balance	(444,870,369)	(450,553,434)
13 Borrowings		
Non-current		
Secured loan (A)		
Term loan from financial institution and banks (refer A1 and A2 below)	123,025,360	128,912,100
Vehicle loans from financial institution (refer A3 below)	2,221,508	3,182,613
Unsecured loan (B)		
Borrowings from related parties (refer note 35 and B1 below)	448,159,135	490,468,044
	573,406,003	622,562,757
Less: Current maturities of long-term borrowings (refer note 17)	105,856,164	6,852,842
	467,549,839	615,709,915
Current borrowings		
Secured (C)		
Working capital loans from banks (refer C1 below)		
Rupee loans	4,654,299	59,900,540
Unsecured Loan (D)		
Working capital loans from Financial Institution		
Rupee loans (refer D1 below)	66,530,222	99,736,546
	71,184,521	159,637,086
A Security details and terms of repayment- non-current secured loans		
A1 Rupee term loan from Bajaj Finance Limited carries interest @ 8.90% to 9.40% per annum(previous year 9.00% to 9.40%) 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 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.	97,727,273	100,000,000
A2 Rupee term loan from RBL Bank Limited carries interest @ 9.05% to 9.70% per annum (previous year 9.65% per annum)and is repayable in 16 equal quarterly instalments starting October 19. 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 and building of the Company situated at Plot No.22, sector 5, Phase II, Growth Centre, Bawal, Haryana and second pari passu charge over entire current assets of the Company, present and future. Further also secured by Letter of comfort from Rico Auto Industries Limited.	25,298,087	28,912,100
A3 Vehicle loans are secured by hypothecation of vehicles financed and are payable in 60 monthly instalments carrying interest @ 8.00% to 8.15% per annum (8.15% to 8.30% per annum) from Kotak Mahindra Bank Limited.	2,221,508	3,182,613
B) Unsecured loan		
Party name		
B1 Rico Auto Industries Limited - (Ultimate holding company)	448,159,135	490,468,044
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 @ 10.50%. p.a., loan is payable in equal 16 quarterly instalment starting from June 30, 2020.		
	573,406,003	622,562,757
C) Security details of working capital loan		
C1 Working capital loans / facilities 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.	4,654,299	59,900,540
D) Unsecured working capital loan		
D1 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.	66,530,222	99,736,546
	71,184,521	159,637,086
14 Provisions		
Non-current		
Provision for gratuity (refer note 33)	5,302,434	5,383,144
Provision for compensated absences	2,182,978	2,084,028
	7,485,412	7,467,172
Current		
Provision for gratuity (refer note 33)	573,599	201,995
Provision for compensated absences	1,144,495	922,668
	1,718,094	1,124,663

Rico Jinfei Wheels Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020
(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
15 Other liabilities		
Non-current		
Security deposits	1,083,344	1,209,606
	1,083,344	1,209,606
Current		
Statutory liabilities	10,453,912	10,900,393
	10,453,912	10,900,393
16 Trade payables		
Payable to micro enterprises and small enterprises (refer note 32)	51,982,335	11,374,715
Other payables	74,490,373	115,586,210
Due to related parties (refer note 35)	43,842	6,591,984
	126,516,550	133,552,909
17 Other financial liabilities		
Current maturities of long-term borrowings (refer note 13)	105,856,164	6,852,842
Interest accrued but not due on borrowings	1,128,053	1,055,026
Payable for capital purchases	10,256,659	6,992,170
Security deposits	1,130,649	1,180,195
Employee benefits payable	3,740,331	6,909,106
	122,111,856	22,989,339

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	Year ended March 31, 2020	Year ended March 31, 2019
18 Revenue from operations		
Sale of products	1,180,664,511	1,345,873,594
Job work charges	433,240	566,774
Other operating revenues		
Scrap sales	6,363,451	9,272,448
	1,187,461,202	1,355,712,816
19 Other income		
Interest income	-	43,080
Rental income from operating lease	8,379,365	8,191,200
Miscellaneous income	1,444,620	1,502,003
	9,823,985	9,736,283
20 Cost of raw materials and components consumed		
Raw material and components		
Opening stock	17,832,164	25,399,069
Add : Purchases during the year	705,841,521	904,815,884
Less : Closing stock	10,744,983	17,832,164
Raw material and components consumed	712,928,702	912,382,789
21 Changes in inventories of finished goods and work-in-progress		
(a) Work-in-progress		
Opening stock	24,746,059	16,135,525
Closing stock	21,354,698	24,746,059
	3,391,361	(8,610,534)
(b) Finished goods		
Opening stock	1,007,482	1,891,932
Closing stock	2,761,261	1,007,482
	(1,753,779)	884,450
	1,637,582	(7,726,084)
22 Other manufacturing expenses		
Power and fuel	92,961,958	124,710,063
Sub-contracting expenses	62,597,117	69,954,818
Consumption of stores and spares	44,605,913	76,950,076
Machinery hire charges	1,680,000	1,680,000
	201,844,988	273,294,957
23 Employee benefits expense		
Salaries, wages and bonus	61,866,981	60,301,238
Contribution to provident and other funds (refer note 33)	7,314,251	3,606,148
Staff welfare expenses	6,172,131	5,114,399
	75,353,363	69,021,785
24 Finance costs		
Interest expense on borrowings	77,229,865	58,172,845
Other borrowing costs	497,521	8,383,317
	77,727,386	66,556,162
25 Other expenses		
Rent (refer note 34)	18,835,800	18,727,800
Repairs		
buildings	1,350,482	2,258,850
machinery	5,257,317	12,364,839
others	1,171,445	1,295,985
Insurance	1,607,344	1,420,660
Rates and taxes	281,768	341,872
Traveling and conveyance	1,418,560	1,693,053
Legal and professional*	1,745,113	2,535,399
Vehicle running and maintenance expenses	1,670,236	1,536,549
Packing and warehousing	17,661,110	24,877,772
Security charges	-	2,141,804
Exchange rate fluctuation (net)	675,434	-
Line rejection and re-work charges	1,025,083	2,125,571
Freight and forwarding	11,308,076	12,219,457
Miscellaneous expenses	2,165,737	9,645,981
	66,173,505	93,185,592
*Includes payment to auditors on account of:		
Audit services	500,000	500,000
Reimbursement of expenses	46,385	73,110
	546,385	573,110

26 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, 2020		Year ended March 31, 2019	
	Amount	%	Amount	%
Profit/(loss) from continuing operations before income tax expense	6,225,711		(80,151,988)	
Income tax using the Company's domestic tax rate*	1,618,685	26.00%	(24,766,964)	30.90%
Set off of bought forward losses	(1,618,685)	-26.00%	-	-
Deferred tax not created due to absence of reasonable certainty	-	-	(20,565,356)	25.66%
Income tax expenses recognised in the statement of profit and loss	-	-	(4,201,608)	5.24%

*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 ₹ 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/equity	Closing balance
For the period ended March 31, 2019				
Deferred tax assets				
Carry forward of losses*	48,810,139	7,653,134	-	56,463,273
Minimum alternative tax credit entitlement	3,095,111	-	-	3,095,111
Employee benefits	2,410,982	243,895	-	2,654,877
	54,316,232	7,897,029	-	62,213,261
Deferred tax Liability				
Depreciation	2,212,261	3,368,701	-	5,580,962
Others	198,721	326,720	-	525,441
	2,410,982	3,695,421	-	6,106,403
Net deferred tax assets	51,905,250	4,201,608	-	56,106,858
For the period ended March 31, 2020				
Deferred tax assets				
Carry forward of losses*	56,463,273	(1,391,110)	-	55,072,163
Minimum alternative tax credit entitlement	3,095,111	-	-	3,095,111
Employee benefits	2,654,877	165,850	-	2,820,727
	62,213,261	(1,225,260)	-	60,988,001
Deferred tax Liability				
Depreciation	5,580,962	(1,225,260)	-	4,355,702
Others	525,441	-	-	525,441
	6,106,403	(1,225,260)	-	4,881,143
Net deferred tax assets	56,106,858	-	-	56,106,858

*Deferred tax asset has been created only to the extent of availability of reasonably certain future taxable profits.

27 Earnings per share

Profit/(loss) after tax (A)(₹)	6,225,711	(75,950,380)
Weighted average number of equity shares (basic/diluted) (B)	38,908,470	38,000,000
Nominal value of equity share (₹)	10	10
Earnings per share - basic/diluted (A/B) (₹)*	0.16	(2.00)

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Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

28 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, 2020	As at March 31, 2019
	Amortised cost*	Amortised cost*
Financial assets		
Non-current		
Loans	623,142	608,392
Current		
Trade receivables	116,576,045	142,538,436
Cash and cash equivalents	304,252	64,369
Loans	49,039,387	49,066,378
	166,542,826	192,277,575
Financial liabilities		
Non-current		
Borrowings (excluding current maturities)	467,549,839	615,709,915
Current		
Borrowings	71,184,521	159,637,086
Trade payables	126,516,550	133,552,909
Other financial liabilities	122,111,856	22,989,339
	787,362,766	931,889,249

*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, 2020 and March 31, 2019, 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).

29 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 Total debt divided by total equity

	As at March 31, 2020	As at March 31, 2019
Particulars		
Total debts*	644,590,524	782,199,844
Total equity#	30,129,631	(70,553,435)
Debt equity ratio	21.39	(11.09)

* 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.

30 Financial risk management

30A 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 exposure in regard to foreign currencies as at March 31, 2020. The only exposure as at March 31, 2019 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, 2020		As at March 31, 2019	
	(In USD)	(In Rs.)	(In USD)	(In Rs.)
Advance to suppliers	-	-	111,614	7,807,411
Net receivable	-	-	111,614	7,807,411
Impact on profit and loss account on account of change in currency				
Sensitivity to increase of 1%	-	-	1,116	78,074
Sensitivity to decrease of 1%	-	-	(1,116)	(78,074)

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

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, 2020	As at March 31, 2019
Variable rate borrowings	196,431,389	188,812,640

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, 2020	Year ended March 31, 2019
Interest rate increase by 0.5%	982,157	944,063
Interest rate decrease by 0.5%	(982,157)	(944,063)

30B 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 31-Mar-20	As at 31-Mar-19
Cash and cash equivalents	304,252	64,369
Trade receivables	116,576,045	142,538,436
Loans	49,662,529	49,674,770

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, 2020 and March 31, 2019 is insignificant. Top two customers for the year ended March 31, 2020 constitutes 86.44% of net trade receivables (March 31, 2019: 98.29%).

Loans measured at amortised cost

Loans measured at amortised cost includes loans and advances to employees and security deposits. 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:

A Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Outstanding for more than six months	-	1,143,710
Others	116,576,045	141,394,725
	116,576,045	142,538,435

30C 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, 2020				
Borrowing (including short-term and current maturities)	177,040,686	274,765,817	192,784,022	644,590,524
Interest accrued but not due on borrowings	1,128,053	-	-	1,128,053
Trade payable (including payable for capital goods)	136,773,208	-	-	136,773,208
Employee benefits payable	3,740,331	-	-	3,740,331
Security deposit	1,130,649	-	-	1,130,649
	319,812,927	274,765,817	192,784,022	787,362,766
As at March 31, 2019				
Borrowing (including short-term and current maturities)	166,489,928	297,413,433	318,296,482	782,199,844
Interest accrued but not due on borrowings	1,055,026	-	-	1,055,026
Trade payable (including payable for capital goods)	140,545,078	-	-	140,545,078
Employee benefits payable	6,909,106	-	-	6,909,106
Security deposit	1,180,195	-	-	1,180,195
	316,179,334	297,413,433	318,296,482	931,889,249

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

(All amounts are in ₹ unless otherwise stated)

31. Commitments

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on account of		
Capital commitments [net of advance ₹ 1,026,000 - previous year (₹ 1,860,820)]	2,324,089	8,783,382

32. Dues to micro, small and medium enterprises

Particulars	As at March 31, 2020		As at March 31, 2019	
	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;	51,982,335	253,374	11,374,715	111,834
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;	-	253,374	-	111,834
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.	-	-	-	-

33. Employment benefits

A. Defined contribution plan

Provident fund and other funds:

	As At March 31, 2020	As At March 31, 2019
Employer's contribution to provident fund	3,781,714	3,064,070
Employer's contribution to ESI	316,728	485,561

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.

Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020**

(All amounts are in ₹ unless otherwise stated)

The following table sets out the funded status and the amount recognised in the Company's financial statements.

B1 Change in defined benefit obligation

	Year ended March 31, 2020	Year ended March 31, 2019
Present value of obligation as at beginning of the year	5,585,139	5,215,943
Current service cost *	1,266,878	1,045,327
Interest cost	430,972	406,554
Benefits paid	(1,949,602)	(1,359,364)
Actuarial loss	542,646	276,679
Present value of obligation as at end of the year	5,876,033	5,585,139

* Included in employee benefits expense.

B2 The amounts to be recognised in Balance Sheet

	Year ended March 31, 2020	Year ended March 31, 2019
Present value of obligation as at the end of the period	5,876,033	5,585,139
Net liability recognised in Balance Sheet		
- Non-current	5,302,434	5,383,144
- Current	573,599	201,995

B3 Expense recognised during the year

	Year ended March 31, 2020	Year ended March 31, 2019
In Income statement		
Current service cost	1266,878	1,045,327
Interest cost (net of income)	430,972	406,554
Net cost	1,697,850	1,451,881
In Other comprehensive income		
-- Change in financial assumptions	81,227	61,506
-- experience variance (i.e. Actual experience vs assumptions)	461,419	215,173
Net cost	2,240,496	1,728,560

B.4 Actuarial assumptions:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.60%	7.70%
Rate of increase in compensation levels	7.00%	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	3.00%	3.00%
31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020**

(All amounts are in ₹ unless otherwise stated)

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, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	5,686,242	6,077,083	5,287,297	5,908,403
Impact of change in salary (+/- 0.5%)	6,077,329	5,684,201	5,909,030	5,284,076
Impact of change in attrition rate (+/- 5%)	5,761,275	6,018,157	5,595,976	5,571,354

B.6 History of defined benefit obligations and experience (gains) and losses

S. No.	Particulars	Year ended				
		March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
1.	Defined benefit obligation at the end of the period	3,743,297	4,301,680	5,215,943	5,585,139	5,876,033
2.	Experience loss/(gain) adjustment	791,780	(475,718)	179,101	215,173	461,419

C. Other long-term benefit 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, 2020	Year ended March 31, 2019
Discount rate	6.60%	7.70%
Salary growth rate	7.00%	7.00%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	3.00%	3.00%
31 to 44 years	2.00%	2.00%
Above 44	1.00%	1.00%

34. Leases**Adoption of Ind AS 116**

The Company has adopted Ind AS 116 effective April 01, 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 adoption of this standard did not have any impact on the profit for the year and earnings per share.

Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020****(All amounts are in ₹ unless otherwise stated)**

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 2019	14,126,850
Less: Leases with remaining lease term of less than 12 months	14,126,850
Total lease liabilities recognised under Ind As 116 at April 01, 2019	-

The Company has applied practical expedient available as per Ind AS 116 and has not recognised right of use asset and lease liability for leases with remaining lease term of less than 12 months.

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 Rs. 18,835,800 for the year ending March 31, 2020 towards expense relating to short-term lease (March 31, 2019 ₹18,727,800). As at March 31, 2020, the Company has committed short-term lease amounting to Rs. 12,557,200.

Total cash outflow pertaining to leases during the year ended March 31, 2020 is Rs. 18,835,800, the same pertains to short-term leases only.

35. Related party disclosures:**I Related parties:**

- i. Holding company
 - a) Rico Investments Limited (immediate holding company)
 - b) Rico Auto Industries Limited (ultimate holding company)
- ii. Fellow subsidiaries
 - a) Rasa Autocom Limited
 - b) Rico Aluminium and Ferrous Auto components Limited
 - c) AAN Engineering Industries Limited
 - d) Rico Auto Industries Inc. (USA)
 - e) Rico Auto Industries (UK) Limited, UK
- iii. Investor company
 - a) Rico Fluidtronics Limited
- iv. 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 & Services Private Limited
 - d) Higain Investment Private Limited
 - e) ASN Properties Private Limited
 - f) Meraki Manufacture and Finvest Advisor Private Limited
 - g) Ishvara Manufacturing and Finvest Advisors Private Limited
 - h) Ishvara Exim LLP
- v. Key management personnel
 - a) Shri Rakesh Kapur, Managing Director* (passed away on December 30, 2019)
 - b) Smt. Upasna Kapur, Whole Time Director
 - c) Shri Samarth Kapur, Whole Time Director
 - d) Shri Mahesh Kumar Raghav, Chief Financial Officer (up to April 30, 2018)
 - e) Shri Rakesh Kumar, Chief Financial Officer (from August 2, 2018)
 - f) 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, 2020

(All amounts are in ₹ unless otherwise stated)

II Transactions with related parties

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A	Rico Auto Industries Limited		
	Goods purchased	25,324,471	26,124,572
	Goods sold	44,946,477	69,978,424
	Sale of machinery	2,528,317	6,823,263
	Purchase of machinery	-	29,358,683
	Reimbursement of expenses	745,329	-
	Job work income	463,432	1,549,260
	Recovery of expenses	-	588,309
	Loan repaid during the year	95,000,000	20,500,000
	Interest expense	52,691,091	48,600,600
B	Rico Castings Limited		
	Job work expenses	7,444,464	8,190,420
	Administration, finance, production support service	89,944,849	119,060,778
	Rent expense (Net of GST)	18,835,800	18,727,800
C	Rasa Autocom Limited		
	Goods purchased	149,304	-
	Goods sold	158,505	6,564,281
	Job work income	239,304	1,158,052
D	Rico Aluminium and Ferrous Auto Components Limited		
	Goods sold	1,841	-
	Purchase of goods	23,600	562,435
	Sale of machinery	-	9,295,505
E	Kapbros Engineering Industries Limited		
	Recovery of expenses	1,344,051	-
	Goods sold	-	52,000
	Rent received	9,665,616	9,665,616
E	Rico Fluidtronics Limited		
	Issue of equity shares	95,000,000	-
F	Key management personnel compensation		
	Sh. Rakesh Kapur	5,884,308	6,000,000
	Smt. Upasna Kapur	3,331,239	2,420,000
	Sh. Samarth Kapur	3,654,972	3,620,000
	Sh. Rakesh Kumar	1,853,459	1,198,049
	Sh. Mahesh Kumar Raghav	-	1,531,801
	Sh. Heera Lal	573,471	494,935

III Balances with related parties

	Particulars	As at March 31, 2020	As at March 31, 2019
A	Rico Auto Industries Limited		
	Loan outstanding	448,159,135	490,468,044
	Balance payable	-	5,916,984
	Balance receivable	13,664,737	-

Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020**

(All amounts are in ₹ unless otherwise stated)

	Particulars	As at March 31, 2020	As at March 31, 2019
B	Rico Castings Limited		
	Advance recoverable	67,831,046	38,379,611
	Security deposit receivable	49,000,000	49,000,000
C	Rasa Autocom Limited		
	Balance recoverable, net	-	72,152
D	ASN Manufacturing & Services Private Limited		
	Balance payable	-	675,000
D	Kapros Engineering Industries Limited		
	Balance receivable	2,211,624	805,468
E	Rico Aluminium and Ferrous auto Components Limited		
	Balance payable	41,759	-

36. 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.

37. 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, 2020	For the year ended March 31, 2019
Wheels	1,180,664,511	1,345,873,594
Scrap	6,363,451	9,272,448
Job work charges	433,240	566,774
Total revenue from contracts with customers	1,187,461,202	1,355,712,816

b. Contract balances

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Trade receivable	116,576,045	142,538,436

38. 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 adoption of the amendment did not have any material impact on the financial statement; accordingly, the reconciliation is not disclosed.

39. The Company has accumulated losses of ₹444,870,369 as at March 31, 2020 (previous year ₹450,553,434), resulting in erosion of its net worth. The management is in the process of implementing business plans to improve its operational performance. 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, 2020

(All amounts are in ₹ unless otherwise stated)

40. 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.

41. Events after the Balance sheet date

There are no reportable subsequent events after the balance sheet date.

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

43. The financial statements for the year ended March 31, 2020 were authorised and approved for issue by the board of directors on June 16, 2020.

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

For and on behalf of Board of Directors
Rico Jinfei Wheels Limited

Arun Tandon
Partner
Membership No.: 517273

Om Prakash Aggarwal
Director
DIN: 01537211

Samarth Kapur
Whole Time Director
DIN: 01525517

Place: Gurugram
Date: June 16, 2020

Rakesh Kumar
Chief Financial Officer

Heera Lal
Company Secretary