



RICO AUTO INDUSTRIES LIMITED

FINANCIALS OF SUBSIDIARY COMPANIES FOR THE FY 2018-19

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	96.88%
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 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	U29110HR2008PLC03778	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	93.49%

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, 2019, 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, 2019, 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 Budhraja Adlakha & CO.
Chartered Accountants
Firm’s Reg. No.: 005154N

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

Place: Gurugram
Date:28/05/2019

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.
 - 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, however repayment of loan has not fallen due.
 - c) There are no overdue amounts in respect of the above loans.
- 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 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, 2019 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.
- (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. It has also not defaulted in repayment of dues to 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 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 Budhreja
(Partner)
Memb. No.: 084310**

**Place: Gurugram
Date:28/05/2019**

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 2019 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 2019, 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: 28/05/2019
Place: Gurugram**

RICO INVESTMENTS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2019

(Amount in INR)

	Note No.	31st March 2019 (Rs.)	31st March 2018 (Rs.)
EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	3	1,187,000,000	1,187,000,000
(b) Reserve & Surplus	4	37,954,845	38,603,532
		1,224,954,845	1,225,603,532
(2) NON-CURRENT LIABILITIES			
(a) Long-Term Liabilities	5	264,400	264,400
(b) Long-Term Provisions	6	139,827	242,950
		404,227	507,350
(3) CURRENT LIABILITIES			
(a) Trade Payables	7	52,315	306,045
(b) Other Current Liabilities	8	756,899	908,971
(c) Short-Term Provisions	6	12,441,689	5,138,421
		13,250,903	6,353,437
Total		1,238,609,975	1,232,464,319
ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property Plant and Equipment			
(i) Tangible Assets	9	312,179	653,338
(b) Non-Current Investments	10	735,030,000	735,030,000
(c) Deferred Tax Assets (net)	11	113,022	113,886
(d) Long-Term Loans & Advances	12	471,500,000	471,500,000
(e) Other Non Current Assets	13	751,500	-
		1,207,706,701	1,207,297,224
(2) CURRENT ASSETS			
(a) Cash and Cash Equivalents	14	6,010,112	8,564,349
(b) Other Current Assets	15	24,893,162	16,602,746
		30,903,274	25,167,095
Total		1,238,609,975	1,232,464,319

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: 0153721

Arvind Kapur
Director
Din: 00096308

Place : Gurugram
Dated : 28th May 2019

Parveen Garg
Chief Financial Officer

S. Kartik
Company Secretary

RICO INVESTMENTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31ST MARCH, 2019

(Amount in INR)

	Note No.	31st March 2019 (Rs.)	31st March 2018 (Rs.)
INCOME			
Revenue From Operations	16	58,717,503	49,157,434
Other Income	17	325,531	-
TOTAL REVENUE	"A"	59,043,034	49,157,434
EXPENSES			
Employee Benefit Expenses	18	4,301,417	3,984,783
Finance Cost	19	649	22,044,521
Other expenses	20	1,721,733	4,428,777
Depreciation	9	194,260	297,395
TOTAL EXPENSES	"B"	6,218,059	30,755,476
Profit / (Loss) before exceptional and extraordinary items and tax (A -B)		52,824,975	18,401,958
Less: Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		52,824,975	18,401,958
Less: Extraordinary items		-	-
Profit / (Loss) before tax		52,824,975	18,401,958
Less: Tax expense / (Income) :-			
(a) Current Tax		12,436,200	5,130,000
Less : MAT Credit Entitlement		-	-
Net Current Tax		-	-
(b) Deferred Tax		864	-30,601
(b) Previous Year Income Tax		-	-46,142
Profit/(Loss) for the Year / period		40,387,911	13,348,701

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

Earnings per share:-	21		
(a) Basic		0.34	0.11
(b) Diluted		0.34	0.11

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 : Gurgaon

Dated : 28th May 2019

Parveen Garg

Chief Financial Officer

S. Kartik

Company Secretary

Particulars	Notes	31st March, 2019 Rs.	31st March, 2018 Rs.
Cash Flow From Operating Activities			
Net profit/(loss) before tax and extra-ordinary items		52,824,975	18,401,958
Adjustments for:			
Depreciation and Amortisation Expenses		194,260	297,395
Loss / (Profit) on Sale of Assets		(51,537)	-
Loss / (Profit) on Sale of Investments		(273,994)	-
Operating Profit Before Working Capital Changes		52,693,704	18,699,353
Adjustments for:			
Increase / (Decrease) in Long Term Provisions		(103,123)	83,395
Increase / (Decrease) in Other Long Term Liabilities		-	91,834
Increase / (Decrease) in Short Term Provisions		7,303,268	(5,759,749)
Increase / (Decrease) in Other Current Liabilities		(152,072)	(513,682)
Increase / (Decrease) in Trade Payables		(253,730)	(600,633)
(Increase) / Decrease in Long Term Loans & Advances		-	(7,500,000)
(Increase) / Decrease in Non Current Assets		(751,500)	-
(Increase) / Decrease in Other Current Assets		(8,290,416)	573,697
Cash Generated From operations		50,446,131	5,074,215
Income Tax Paid / Refunded		(12,436,200)	-
Cash Flow Before Extraordinary Items		38,009,931	5,074,215
Extraordinary Items		-	-
Net Cash From Operating Activities (A)		38,009,931	5,074,215
Cash Flow From Investing Activities			
Income from Sale of Mutual Funds		273,994	-
Proceeds from Sales of Fixed Assets		198,436	-
Net Cash used in Investing Activities (B)		472,430	-
Cash Flow From Financing Activities			
Issue Of Equity Capital		-	250,000,000
Dividend Paid (Including Corporate Dividend Tax)		(41,036,598)	-
Long Term Borrowings		-	(250,000,000)
Net Cash from Financing Activities (C)		(41,036,598)	-
Net Increase in Cash and Cash Equivalents (A+B+C)		(2,554,237)	5,074,215
Cash and Cash Equivalents (Opening Balance)		8,564,349	3,490,134
Cash and Cash Equivalents (Closing Balance)		6,010,112	8,564,349
Components of cash and cash equivalents			
Cash in Hand		1,355	3,505
Balance with Banks		6,008,757	8,560,844
Total cash and cash equivalents (refer Note 14)		6,010,112	8,564,349

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 Adlakh & 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 : Gurgaon
Dated : 28th May 2019

Parveen Garg
Chief Financial Officer

S. Kartik
Company Secretary

RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2019

NOTE - 3

SHARE CAPITAL

	31st March 2019 Amount (Rs.)	31st March 2018 Amount (Rs.)
Authorised		
120000000 Equity shares of Rs 10/- Each (Previous year 120000000 Equity shares of Rs 10/- Each)	1,200,000,000	1,200,000,000
	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued, Subscribed & Paid Up		
118700000 Equity Shares of Rs.10/- each fully Paid up. (Previous year 118700000 Equity Shares of Rs.10/- each fully Paid up)	1,187,000,000	1,187,000,000
Total issued, subscribed and paid up share capital	<u>1,187,000,000</u>	<u>1,187,000,000</u>

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

	31st March 2019		31st March 2018	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Equity Shares				
At the beginning of the year	118,700,000	1,187,000,000	49,700,000	497,000,000
Issued during the year	-	-	69,000,000	690,000,000
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>
Preference Shares				
At the beginning of the year	-	-	44,000,000	440,000,000
Converted in to Equity during the year	-	-	44,000,000	440,000,000
Outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

C. Terms/Rights attached to Compulsarily convertible Preference Shares (CCNPS)

The CCNPS have been converted into Equity in the Previous Year. The shareholders holding the CCNPS did not have any rights except in the matters directly affecting them.

D. Shares in the Company held by the Holding Company

	31st March 2019		31st March 2018	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Rico Auto Industries Limited, Holding Company				
Equity shares of Rs 10/- each fully paid up	115,000,000	1,150,000,000	115,000,000	1,150,000,000

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

	31st March 2019		31st March 2018	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity Shares of Rs 10 each fully paid up				
Rico Auto Industries Limited, (Holding Co.)	115,000,000	96.88%	115,000,000	96.88%

RICO INVESTMENTS LIMITED**Notes to financial statements for year ended on 31st March, 2019**

NOTE - 4	31st March 2019	31st March 2018
RESERVES & SURPLUS	Amount (Rs.)	Amount (Rs.)
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	29,414,957	18,735,996
Profit / (Loss) for the period/year	40,387,911	13,348,701
Less : Appropriations :-		
Dividend on equity shares*	23,740,000	-
Dividend distribution tax*	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	8,077,582	2,669,740
Closing balance (A)	20,688,688	29,414,957
Reserve Fund :		
In terms of Section 45-IC of the Reserve Bank of India Act, 1934		
Opening Balance	9,188,575	6,518,835
Add : Transfer from Surplus	8,077,582	2,669,740
Closing balance (B)	17,266,157	9,188,575
Total (A + B)	37,954,845	38,603,532

* Pertains to year ended March 31, 2018.

** During the year ended March 31, 2019, the company has paid an interim dividend of Rs.1,18,70,000/- (Rs.0.10 per equity share of Rs.10/- each) at their meeting held on 11th February 2019, CDT on the same amounts to Rs.5,46,771/-.

In respect of the year ended March 31, 2019, the directors propose that a dividend of Rs 0.10 per share (March 31, 2018 :0.20 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 1,18,70,000(March 31, 2018 : Rs 2,37,40,000/-) along with estimated,net corporate Dividend Tax of Rs.5,46,771/- (March 31, 2018 : Rs 48,79,827/-)

RICO INVESTMENTS LIMITED**Notes to financial statements for year ended on 31st March, 2019**

NOTE - 5	31st March 2019		31st March 2018	
LONG TERM LIABILITIES	Amount (Rs.)		Amount (Rs.)	
Security Deposits Staff Car Scheme	264,400		264,400	
	264,400		264,400	

NOTE - 6	31st March 2019		31st March 2018	
PROVISIONS	Amount(Rs)		Amount(Rs)	
	Long Term	Short term	Long Term	Short term
Provision for Income Tax	-	12,436,200	-	5,130,000
Provision for Employee Benefits				
Provision for Gratuity	48,816	113	126,107	523
Provision for Leave Encashment	91,011	5,376	116,843	7,898
	139,827	12,441,689	242,950	5,138,421

NOTE - 7	31st March 2019		31st March 2018	
TRADE PAYABLE	Amount (Rs.)		Amount (Rs.)	
Trade Payable	52,315		184,255	
Due to related parties (Refer Note No. 21)	-		121,790	
	52,315		306,045	

NOTE - 8	31st March 2019		31st March 2018	
OTHER CURRENT LIABILITIES	Amount (Rs.)		Amount (Rs.)	
Provident fund payable	22,271		30,710	
TDS payable	38,168		308,151	
Salary Payable	351,517		300,235	
Audit Fees Payable	243,000		236,250	
Other payables	101,943		33,625	
	756,899		908,971	

RICO INVESTMENTS LIMITED**Notes to financial statements for year ended on 31st March, 2019**

NOTE - 10	31st March 2019	31st March 2018
NON CURRENT INVESTMENTS	Amount (Rs.)	Amount (Rs.)
Trade Investment (At Cost unless stated otherwise)		
Unquoted Equity Instruments		
Investments in Subsidiaries		
RASA Autocom Limited	214,600,000	214,600,000
<i>41000000 Equity shares of Rs 10 each, fully paid up. (Previous Year 4,10,00,000 Equity shares of Rs 10/ each, fully paid up)</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. (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 (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	31st March 2019	31st March 2018
DEFERRED TAX ASSETS	Amount (Rs.)	Amount (Rs.)
Depreciation & Amortisation	69,152	37,807
Provision for Gratuity	13,612	34,890
Provision for Leave Encashment	26,815	34,369
Preliminary Expenses	3,443	6,820
	113,022	113,886
NOTE - 12	31st March 2019	31st March 2018
LONG TERM LOANS & ADVANCES	Amount (Rs.)	Amount (Rs.)
Unsecured, considered good		
Loans and advances to related parties.(Unsecured considered Good.) <i>(Refer Note No.21)</i>	471,500,000	471,500,000
	471,500,000	471,500,000
NOTE - 13	31st March 2019	31st March 2018
OTHER NON CURRENT ASSETS	Amount (Rs.)	Amount (Rs.)
Security deposit	751,500	-
	751,500	-
NOTE - 14	31st March 2019	31st March 2018
CASH & CASH EQUIVALENTS	Amount (Rs.)	Amount (Rs.)
Cash in hand	1,355	3,505
Cheque in Hand	-	8,494,006
Balances on Current Accounts with Banks	6,008,757	66,838
	6,010,112	8,564,349
NOTE - 15	31st March 2019	31st March 2018
OTHER CURRENT ASSETS	Amount (Rs.)	Amount (Rs.)
Loans and advances to employees	-	98,906
Interest accrued but not due	10,986,597	10,986,597
Tax deducted at source	13,906,565	5,517,243
	24,893,162	16,602,746

RICO INVESTMENTS LIMITED**Notes to financial statements for year ended on 31st March, 2019**

NOTE - 16	31st March 2019	31st March 2018
REVENUE FROM OPERATIONS	Amount (Rs.)	Amount (Rs.)
Interest income	49,507,503	49,157,434
Dividend from Subsidiary	9,210,000	-
	58,717,503	49,157,434
NOTE - 17	31st March 2019	31st March 2018
OTHER INCOME	Amount (Rs.)	Amount (Rs.)
Other Income	325,531	-
	325,531	-
NOTE - 18	31st March 2019	31st March 2018
EMPLOYEE BENEFIT EXPENSE	Amount (Rs.)	Amount (Rs.)
Salary	4,072,251	3,608,445
Contribution to Provident Fund	176,263	185,582
Labour & Staff Welfare	18,371	6,979
Gratuity expenses	34,532	75,053
Leave Encashment	-	108,724
	4,301,417	3,984,783
NOTE - 19	31st March 2019	31st March 2018
FINANCE COSTS	Amount (Rs.)	Amount (Rs.)
Interest on Compulsarily convertible Debentures	-	22,044,521
Bank Charges	649	-
	649	22,044,521
NOTE - 20	31st March 2019	31st March 2018
OTHER EXPENSES	Amount (Rs.)	Amount (Rs.)
Rent	84,012	62,400
Legal and Professional	178,171	448,637
Fees & Taxes	72,250	2,628,836
Printing & Stationary	10,630	6,888
Directors' Sitting Fees	784,700	610,000
Conveyance & Travelling	63,651	66,395
Other Expenses	19,453	57,121
Vehicle running and maintenance expenses	241,522	283,000
Payments to the auditors		
As auditor :		
Audit Fee	209,844	208,000
Tax Audit Fee	40,250	40,250
Taxation Matters	17,250	17,250
	267,344	265,500
	1,721,733	4,428,777

RICO INVESTMENTS LIMITED

Notes to financial statements for year ended on 31st March, 2019

NOTE - 9

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	OPENING AS ON 01.04.18	ADDITIONS	SALE/ADJ. DURING THE YEAR	TOTAL AS ON 31.03.19	TOTAL AS ON 01.04.18	FOR THE PERIOD	SALE/ADJUSTMENT	TOTAL AS ON 31.03.19	AS ON 31.03.19	AS ON 31.03.18
TANGIBLE ASSETS:										
Vehicles	1,211,634	-	549,074	662,560	558,296	194,260	402,175	350,381	312,179	653,338
TOTAL	1,211,634	-	549,074	662,560	558,296	194,260	402,175	350,381	312,179	653,338
TOTAL PREVIOUS YEAR	1,211,634	-	-	1,211,634	260,901	297,395	-	558,296	653,338	950,733

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, 2019</u>	<u>31st March, 2018</u>
Basic Earning Per share :-		
Net Profit as per Statement of Profit & Loss (Rs.)	40,387,911	13,348,701
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	118,700,000	118,700,000
Basic Earning Per share (Rs.)	0.34	0.11
Diluted Earning Per share :-		
Net Profit as per Statement of Profit & Loss (Rs.)	40,387,911	13,348,701
Add:- Interest on Debentures (Net of Taxes)	-	15,970,704
Profit for equity shareholders after taking impact of dilution	40,387,911	29,319,405
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	118,700,000	118,700,000
Add :- Weighted Average Number of Convertible Securities		
- Convertible Preference Shares	-	-
- Convertible Debentures	-	-
Number of shares - Diluted (Nos.)	118,700,000	118,700,000
Diluted Earning Per share (Rs.)	0.34	0.25
Diluted Earning Per share (Rs.)	0.34	0.11
*(Anti-Dilutive hence can not exceed basic EPS)		

Note - 21: Retirement and Other Employee Benefits

a) Defined contribution plans

Provident fund and other funds:

	<u>31st March, 2019</u>	<u>31st March, 2018</u>
Employer's contribution to provident fund	176,263	185,102

b) Defined benefit plans

Gratuity Plan:

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

	<u>31st March, 2019</u> (Rs.)	<u>31st March, 2018</u> (Rs.)
Present value of obligation at the beginning (A)	124,896	69,023
Current Service Cost (B)	23,265	50,865
Interest Cost (C)	9,654	5,087
Actuarial (gain)/ loss (D)	-108,886	-79
Benefits Paid (E)	-	-
Present value of obligations at the end(F=A+B+C+D+E)	48,929	124,896

(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) 48,929 124,896

(iv) Net gratuity cost for the year ended:

Current Service Cost (A)	23,265	50,865
Interest cost (B)	9,654	5,087
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	-108,886	-79
Net gratuity cost (E=A+B+C+D)	-75,967	55,873

(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)	113	523
Non-Current Liability (Amount due over one year)	48,816	124,373
Total Projected Benefit Obligation at the end of year	48,929	124,896

RICO INVESTMENTS LIMITED
Notes to financial statements for year ended on 31st March, 2019
Leave Encashment Plan:

	<u>31st March, 2019</u> (Rs.)	<u>31st March, 2018</u> (Rs.)
II (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	102,783	95,595
Current Service Cost (B)	45,580	55,117
Interest Cost (C)	7,945	7,045
Actuarial (gain)/ loss (D)	-59,921	53,750
Benefits Paid (E)	-	-108,724
Present value of obligations at the end (F=A+B+C+D+E)	96,387	102,783
(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)	96,387	102,783
(iv) Net Leave Encashment for the year ended :		
Current Service Cost (A)	45,580	55,117
Interest cost (B)	7,945	7,045
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	-59,921	53,750
Net Leave Encashment cost (E=A+B+C+D)	-6,396	115,912
(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)	5,376	7,898
Non-Current Liability (Amount due over one year)	91,011	94,885
Total PBO at the end of year	96,387	102,783

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>2019</u> (%)	<u>31st March,</u> <u>2018</u> (%)	<u>31st March,</u> <u>2019</u> (%)	<u>31st March, 2018</u> (%)
Discount rate	7.66%	7.37%	7.66%	7.37%
Salary escalation rate	5.50%	5.50%	5.50%	5.50%
Expected rate of return on plan assets	-	-	-	-

Note - 22: 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 INVESTMENTS LIMITED
Notes to financial statements for year ended on 31st March, 2019

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

Kapbros Engineering Industries Ltd
Rico Castings Ltd
Kapsons Associates Investments Private Limited

Key Managerial Personnel

Shri Arvind Kapur
Shri Om Prakash Aggarwal
Shri Jagdish Chand Dwivedi

Director
Managing Director
Company Secretary
(Till 10th January, 2019)
Chief Financial Officer
Company Secretary
(From 13th March, 2019)

Shri Parveen Garg
Shri S. Kartik

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, 2019</u>	<u>31st March, 2018</u>
	(Rs.)	(Rs.)
(i) RICO Auto Industries Ltd, Holding Co.		
Rent Paid	84,012	62,400
Dividend Paid	34,500,000	-
Interest on CCD (net off TDS)	-	19,840,069
Balance payable	-	115,654
(ii) Rico Castings Limited		
Interest received (net off TDS)	21,640,500	21,640,501
Loan Recoverable	229,000,000	229,000,000
(iii) Kapsons Associates Investments Private Limited		
Loan given	-	7,500,000
Interest received (net off TDS)	22,916,250	22,601,190
Loan Recoverable	242,500,000	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	2,420,655
Shri Parveen Garg (CFO)	1,956,316	1,557,150
Shri S Kartik (CS)	70,266	-
	<u>31st March, 2019</u>	<u>31st March, 2018</u>
	(Rs.)	(Rs.)
Note - 23: Detail of dues to micro and small enterprises as defined under the	Nil	Nil
	<u>31st March, 2019</u>	<u>31st March, 2018</u>
	(Rs.)	(Rs.)
Note - 24: Capital and other commitments	Nil	Nil
	<u>31st March, 2019</u>	<u>31st March, 2018</u>
	(Rs.)	(Rs.)
Note - 25: Contingent Liabilities	Nil	Nil
	<u>31st March, 2019</u>	<u>31st March, 2018</u>
	(Rs.)	(Rs.)
Note - 26: Earning in Foreign Currency	Nil	Nil
	<u>31st March, 2019</u>	<u>31st March, 2018</u>
	(Rs.)	(Rs.)
Note - 27: Expenditure in Foreign Currency	Nil	Nil
	<u>31st March, 2019</u>	<u>31st March, 2018</u>
	(Rs.)	(Rs.)

Note - 28: Net Dividend remitted in Foreign Currency

Nil

Nil

Note - 29: 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 : Gurgaon
Dated : 28th May 2019

Parveen Garg
Chief Financial Officer

Jagdish Chand Dwivedi
Company Secretary

INDEPENDENT AUDITOR'S REPORT

The Members of AAN Engineering Industries Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **AAN Engineering Industries Limited** ("**the Company**") which comprise the Balance Sheet as at March 31, 2019, 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.

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 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, 2019, and the loss and total comprehensive income, the 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 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 Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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.

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

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

Responsibilities of Management and those charged with governance for the Ind AS 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 Ind AS 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, 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 statements 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 are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Ind AS Financial Statements

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 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, and the Cash Flow Statement 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.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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: 28th May 2019

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.

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: 28th May 2019

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 good 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, 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 Statutorydues, including Income-tax, CustomsDuty, Goods and Services Tax, Cess and other material statutory duesapplicable 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 31stMarch, 2019 for a period of more than six monthsfrom 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 debentureswhich were issued during the year or outstanding as on 31st March, 2019.
- 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) Accordingtotheinformation 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 Ind AS financial statements.
- xiv) During the year the Company has not made any preferentialallotment or private placement of shares or fully or partlyconvertible debentures and hence reporting under clause (xiv) ofthe 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: 28th May 2019

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, 2019 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 2019, 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: 28th May 2019

AAN Engineering Industries Limited
Balance Sheet as at March 31, 2019

[Rs. In Lakhs]

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
(a) Property, plant and equipments	5	149.40	164.60
(b) Financial Assets			
(i) Other financial Assets	6	-	0.25
(d) Deferred tax assets	7	6.12	14.52
(e) Other non-current assets	8	19.25	1.14
		174.77	180.51
Current assets			
(a) Inventories	9	26.50	56.63
(b) Financial Assets			
(i) Trade Receivables	10	29.66	270.16
(ii) Cash and Bank balances	11	3.43	6.49
(iii) Bank balances other than (ii) above	11A	4.05	12.83
(iv) Other financial assets	12	1.24	1.41
(c) Other current assets	13	74.32	11.14
		139.20	358.66
Total		313.97	539.17
Equity and liabilities			
Equity			
(a) Equity Share Capital	14	5.00	5.00
(b) Other Equity	15	(279.25)	(139.70)
		(274.25)	(134.70)
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	353.61	353.61
(b) Provisions	17	11.13	-
		364.74	353.61
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17A	71.33	-
(ii) Trade Payables	18	19.42	243.93
(iii) Other Financial Liabilities	19	129.87	73.82
(b) Short Term Provisions	20	0.25	-
(c) Other current liabilities	21	2.61	2.51
		223.48	320.26
Total		313.97	539.17

The accompanying notes 1 to 41 are an integral part of the financial statements.

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: 07181747

Naresh Kumar Sethi
Director
DIN: 00202498

Place : Gurugram
Dated : 28th May, 2019

AAN Engineering Industries Limited
Statement of Profit and Loss for the year ended March 31, 2019

[Rs. In Lakhs]

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue			
Revenue from operations	22	407.99	408.27
Other income	23	10.83	1.86
Total revenue		418.82	410.13
Expenses			
(a) Cost of material consumed	24	152.75	134.61
(b) Changes in inventories of FG & WIP	25	2.11	13.56
(c) Excise duty		-	17.83
(d) Other manufacturing expenses	26	173.68	170.57
(e) Employee benefits expense	27	24.73	-
(f) Finance costs	28	106.09	38.07
(g) Depreciation and amortization expense	5	15.20	7.32
(h) Other expenses	29	76.14	58.41
Total expenses		550.70	440.37
Profit/(loss) before exceptional items and tax		(131.88)	(30.24)
Exceptional items		-	-
Profit before tax		(131.88)	(30.24)
Tax expenses			
Current tax	30	-	-
Deferred tax		8.40	(5.64)
Tax - earlier year		(0.73)	-
Income tax expense		7.67	(5.64)
Profit for the year		(139.55)	(24.60)
Other comprehensive income			
A (i) Items that will not be reclassified to profit and loss			
(a) Remeasurements of the defined benefit plans		-	-
		-	-
(ii) Income tax relating to items that will not be reclassified to profit and loss		-	-
Total other comprehensive income for the period		-	-
Total comprehensive income for the period		(139.55)	(24.60)
Earnings per equity share [nominal value of share Rs. 10]			
Earnings per share:-	31		
(a) Basic		(279.10)	(49.20)
(b) Diluted		(279.10)	(49.20)

The accompanying notes 1 to 41 are an integral part of the financial statements.

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: 07181747

Naresh Kumar Sethi
Director
DIN: 00202498

Place : Gurugram
Dated : 28th May, 2019

AAN Engineering Industries Limited
Statement of Changes in equity for the year ended March 31, 2019

[Rs. In Lakhs]

a. Equity Share Capital

	Amount
Balance at April 1, 2017	5.00
Changes in equity share capital during the year	-
Balance at 31st March, 2018	5.00
Changes in equity share capital during the year	-
Balance at 31st March, 2019	5.00

b. Other Equity

	Reserve & Surplus		Total
	General Reserve	Retained Earnings	
Balance at April 1, 2017	-	(115.10)	(115.10)
Profit for the year	-	(24.60)	(24.60)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(139.70)	(139.70)
Payment of Dividend	-	-	-
Tax on Dividend	-	-	-
Balance at March 31, 2018	-	(139.70)	(139.70)
Profit for the year	-	(139.55)	-
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(279.25)	(139.70)
Payment of Dividend	-	-	-
Tax on Dividend	-	-	-
Balance at March 31, 2019	-	(279.25)	(139.70)

The accompanying notes 1 to 41 are an integral part of the financial statements.

**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: 07181747**

**Naresh Kumar Sethi
Director
DIN: 00202498**

**Place : Gurugram
Dated : 28th May, 2019**

AAN Engineering Industries Limited
Cash flow Statement for the year ended March 31, 2019

[Rs. In Lakhs]

Particulars	For the year ended march 31, 2019	For the year ended march 31, 2018
Cash Flow From Operating Activities		
Profit before tax	(131.88)	(30.24)
Adjustments for :		
Depreciation and amortisation expenses	15.20	7.32
Finance Costs	106.09	38.07
Interest Income	10.83	1.86
Operating profit before working capital changes	0.24	17.01
Adjustments for:		
- (Increase)/decrease in other financial assets (non-current)	0.25	2.45
- (Increase)/decrease in other non-current assets	(18.11)	(1.14)
- (Increase)/decrease in inventories	30.13	5.95
- (Increase)/decrease in trade receivables	240.50	(214.99)
- (Increase)/decrease in other financial assets (current)	0.17	(0.68)
- (Increase)/decrease in other current assets	(63.18)	(0.33)
- Increase/(decrease) in non-current provisions	11.13	-
- Increase/(decrease) in trade payables	(224.51)	134.50
- Increase/(decrease) in current provisions	0.25	(5.19)
- Increase/(decrease) in other current liabilities	0.10	1.63
Cash Generated From operations	(23.27)	(77.80)
Income tax paid (net)	0.73	-
Cash Generated From operations before extraordinary Items	(22.54)	(77.80)
Extraordinary Items	-	-
Net Cash From/(used in) Operating Activities (A)	(22.30)	(60.79)
Cash Flow From Investing Activities		
Payments for purchase of property, plant and equipment and capital work in progress	-	(69.01)
Proceeds from sale of property, plant and equipment	-	-
Proceeds from sale of debt mutual funds	-	-
Interest received	(10.83)	(1.86)
Dividend Received	-	-
Net Cash from/(used in) Investing Activities (B)	(10.83)	(70.87)
Cash Flow From Financing Activities		
Proceeds from long term borrowings	-	148.10
Proceeds from Short term borrowings	56.05	-
Repayment of long term borrowings	-	-
Finance cost paid	(106.09)	(38.07)
Payment of dividend on equity shares	-	-
Related income tax	-	-
Net Cash from/(used in) Financing Activities (C)	(50.04)	110.03
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(83.17)	(21.63)
Add: Cash and Cash Equivalents at the beginning of the year	19.32	40.95
Cash and Cash Equivalents at the end of the year	(63.85)	19.32
Components of cash and cash equivalents		
Cash on Hand	0.11	0.05
With banks -		
On Current Accounts & cheque in hand	7.37	19.27
Total cash and cash equivalents (Refer Note No.-11 & 11A)	7.48	19.32

In terms our report attached
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 : 28th May, 2019

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, 2019

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.

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:

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 management to make judgments, 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.

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

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:

2.5 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.

2.6 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.

2.7 Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

2.8 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.

2.9 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.

2.10 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.

2.11 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

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

date. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognize the contingent liability but discloses its existence in the financial Statements.

Note – 3 : Summary of significant accounting policies

3.1 Revenue Recognition

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

3.2 Sale of Goods

Sale of goods are accounted on transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realisation of the sale.

3.3 Sale of Services

Incomes from services are accounted over the period of rendering of services.

3.4 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.

3.5 Foreign currency 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.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of profit or loss in the period in which they are incurred.

3.7 Taxation

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

3.8.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

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

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.

3.8.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.

3.8.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.

3.8 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.

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

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

3.9 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, 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 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 *	20 / 10 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]*

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are credited/debited to profit or loss.

3.10 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 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.

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

3.11 Impairment of tangible and intangible assets

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

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.

3.12 Inventories

Inventories are valued as follows:

3.13.a. Raw materials, stores and spares

Lower of cost or 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.

Stores and spares having useful life of more than twelve months are capitalised under "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

3.13.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.

3.13.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. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.

3.13 Employee Benefits

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

3.14.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.

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

3.14.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.

3.14.c. Post-employment obligations

Defined benefit plans

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

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

Defined Contribution plans

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

3.14.d. Termination benefits

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

3.14 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

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

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

3.15 Financial Assets

i) Financial assets at amortised cost

The financial instrument is 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

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

asset.

3.16 Financial liabilities

i) Borrowings and other financial liabilities

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

ii) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

iii) De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

vi) Trade receivables

For debtors that are not past due – The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Life time expected credit losses are assessed and accounted based on company's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates for each identified segment.

The Company defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

- For debtors considered past due – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Company writes off trade receivables when there is no objective evidence that such amounts would not 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.

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Notes to the financial statements for the year ended March 31, 2019

3.17 Leases

3.18.1 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

3.18.2 Finance leases

Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to the Statement of Profit and Loss on accrual basis

3.18 Provisions & Contingencies

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

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

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

3.19 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.

3.20 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.

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

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.

3.21 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.

Note: 4 - Change in accounting policies

With effect from April 1, 2018, Ind AS 115 Revenue from Contracts with customers supersedes Ind AS 18 Revenue and related Appendices and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The company has adopted Ind AS 115 using the modified retrospective approach cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. However, the effect on adoption of Ind AS 115 is immaterial.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

AAN Engineering Industries Limited
Notes to the financial statements for the year ended March 31, 2019

[Rs. In Lakhs]

	As at March 31, 2019	As at March 31, 2018
6 Other Financial Assets		
Non Current		
Security Deposits:		
Unsecured, considered good	-	0.25
	-	0.25
7 Deferred tax assets (net)		
Deferred tax assets arising on account of :		
Depreciation	3.12	11.52
MAT Credit Entitlement	3.00	3.00
	6.12	14.52

For the period ended March 31, 2019

Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognised/ reversed through profit and loss	Recognised/ 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

For the period ended March 31, 2018

Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognised/ reversed through profit and loss	Recognised/ reversed through OCI/Equity	Closing balances
Property, plant and equipment, investment property and intangible assets	5.78	5.74	-	11.52
Provision for employee and others liabilities deductible on actual payment	-	-	-	-
MAT Credit Entitlement	3.00	-	-	3.00
Net deferred tax assets/(liabilities)	8.78	5.74	-	14.52

8 Other non current assets		
Advance income tax (net of provisions)	2.97	1.14
Prepaid expenses	16.28	-
	19.25	1.14
9 Inventories		
(Valued at cost or net realizable value whichever is lower)		
As valued and certified by the Management -		
Stores & Spares	20.00	13.50
Raw Material & Components	3.55	38.07
Work-in-process	1.42	1.49
Finished Goods	1.53	3.57
	26.50	56.63
10 Trade receivables		
Unsecured, considered good		
: Outstanding for a period exceeding six months from the date they were due for payment	29.66	-
: Other debts	-	270.16
	29.66	270.16

* Amount has been rounded off to zero

AAN Engineering Industries Limited
Notes to the financial statements for the year ended March 31, 2019

[Rs. In Lakhs]

	As at March 31, 2019	As at March 31, 2018	
11 Cash and bank balances			
Cash and cash equivalents			
Cash on hand	0.11	0.05	
Balances with banks			
In current accounts	3.32	6.44	
	3.43	6.49	
11A Bank balances other than above			
Other Bank Balances			
Bank deposits with maturity of more than 3 months and less than 12 months	4.05	12.83	
	4.05	12.83	
12 Other financial assets			
Loans and advances to employees	0.47	-	
Interest Receivable	0.77	1.41	
	1.24	1.41	
13 Other current assets			
Advance to Suppliers	-	0.99	
Prepaid Expenses	29.08	0.03	
Balance with Statutory/ Government Authorities on account of :			
Sales Tax / GST	20.32	10.09	
Others	24.92	0.03	
	74.32	11.14	
14 Share capital			
a) Authorised			
10,00,000 Equity Shares of Rs.10/- each with Voting right (Previous Year 10,00,000 Equity Shares of Rs.10/-)	100.00	100.00	
	100.00	100.00	
b) Issued, subscribed and paid-up			
50000 Equity Shares of Rs.10/- each fully paidup with Voting Right (Previous Year 50000 Equity Shares of Rs.10/-)	5.00	5.00	
	5.00	5.00	
c) Reconciliation of number of equity & preference shares outstanding			
Equity Shares			
	No. of shares	Year ended March 31, 2019	Year ended March 31, 2018
At the beginning of the year		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, 2019

[Rs. In Lakhs]

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

		Year ended March 31, 2019	Year ended March 31, 2018
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, 2019.

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

Other comprehensive income

Opening balance		-	-
Add : Additions during the year			
Less : Utilised/ transferred during the year			
Closing balance		-	-

Retained earnings

As per last Balance Sheet		(139.70)	(115.10)
Add : Profit transferred from Statement of Profit and Loss		(139.55)	(24.60)

Net retained earnings		(279.25)	(139.70)
		(279.25)	(139.70)

16 Long term borrowings

Unsecured

From Companies :			
Rupee Loan - Related parties		353.61	353.61
		353.61	353.61

17 Long term provisions

Provision for Gratuity		10.29	-
Provision for compensated absences		0.84	-
		11.13	-

17A Short term borrowings

Current Borrowings

Cash credit & Overdraft		71.33	-
		71.33	-

18 Trade payables

Due to Micro & Medium Enterprises (Refer Note No. 34)		0.25	57.03
Others			
Other than Acceptances		10.48	68.76
Due to related parties (Refer Note No. 33)		4.75	115.74
Other Payables		3.94	2.40
		19.42	243.93

19 Other financial liabilities

Interest accrued but not due on borrowings		126.35	73.82
Employee Benefits Payable		3.52	-
		129.87	73.82

20 Short term provisions

Provision for gratuity		0.19	-
Provision for compensated absences		0.06	-
		0.25	-

21 Other current liabilities

Statutory Liabilities		2.35	2.51
Others		0.26	-
		2.61	2.51

* Amounts have been rounded off to zero

AAN Engineering Industries Limited
Notes to the financial statements for the year ended March 31, 2019

	Year ended March 31, 2019	[Rs. In Lakhs] Year ended March 31, 2018
22 Revenue from operations		
Sales of Products	400.30	408.27
Sale of Scrap	7.69	-
	407.99	408.27
23 Other income		
Interest Income	10.83	1.86
Miscellaneous Income	-	-
	10.83	1.86
24 Cost of material consumed		
Raw Materials & Components		
Opening Stock	38.07	35.53
Add : Purchase during the year	118.23	137.15
Less : Closing Stock	3.55	38.07
Raw Material & Components Consumed	152.75	134.61
25 Changes in inventories of finished goods and work in progress		
(a) Work-in-Process		
Opening Stock	1.49	7.89
Closing Stock	1.42	1.49
	0.07	6.40
(b) Finished Goods		
Opening Stock	3.57	10.73
Closing Stock	1.53	3.57
	2.04	7.16
Total	2.11	13.56
26 Other manufacturing expenses		
Consumption of Stores & Spares		
Mechanical Spares Consumed	-	0.39
Electrical Spares Consumed	-	3.54
Others Stores & Spares Consumed	67.90	95.23
Power & Fuel	23.69	20.24
Sub Contractor Expenses	82.09	51.17
	173.68	170.57
27 Employee benefits expense		
Salaries, wages and bonus	21.89	-
Contribution to provident and other funds	1.72	-
Employee welfare and insurance expenses	1.12	-
	24.73	-
28 Finance costs		
Interest expenses on :-		
(i) Borrowings	64.58	32.65
Other borrowing costs	41.51	5.42
	106.09	38.07
29 Other expenses		
Rent	27.07	17.09
Repairs		
To Machinery	-	2.40
To Others	0.33	1.03
Insurance	0.94	-
Rates & Taxes	0.85	1.81
Travelling & Conveyance	1.24	0.40
Legal and Professional	32.64	26.16
Payment to Auditors*	1.09	1.09
Freight and forwarding	5.99	6.53
Line Rejection and re-work charges	-	0.25
Miscellaneous Expenses	5.99	1.65
	76.14	58.41

* Payment to the auditors comprises :

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

Total Current tax

-	-
(0.73)	-
<u>(0.73)</u>	<u>-</u>

Deferred tax

Decrease / (increase) in deferred tax assets (net)

Total Deferred tax

8.40	(5.64)
<u>8.40</u>	<u>(5.64)</u>

Total Income Tax Expense

<u>7.67</u>	<u>(5.64)</u>
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(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Profit from continuing operations before income tax expense

Tax at India's tax rate of 27.5525% (PY 27.5525%)

Tax effect of Other Adjustments

(131.88)	(30.24)
(36.34)	(8.33)
44.01	2.69
<u>7.67</u>	<u>(5.64)</u>

* Amounts have been rounded off to zero

AAN Engineering Industries Limited
Notes forming part of financial statements for the year ended March 31, 2019

[Rs. In Lakhs]

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

Carrying Amount of	As at March 31, 2019	As at March 31, 2018
Plant and Machinery	149.38	164.58
Office Equipments	0.02	0.02
	149.40	164.60

Capital work-in-progress #

-	-
-	-

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

Cost or deemed cost

Particulars	Plant and machinery	Office equipment	Total
Balance at 1st April, 2017	106.18	0.05	106.23
Addition for the year	69.02	-	69.02
Disposal / adjustments	-	-	-
Balance at 31st March, 2018	175.20	0.05	175.25
Addition for the year	-	-	-
Disposal / adjustments	-	-	-
Balance at 31st March, 2018	175.20	0.05	175.25

Accumulated Depreciation and Impairment

Accum. dep as at 1st April, 2017	3.30	0.03	3.33
Depreciation expenses	7.32	-	7.32
Disposal / adjustments	-	-	-
Balance at 31st March, 2018	10.62	0.03	10.65
Depreciation expenses	15.20	-	15.20
Disposal / adjustments	-	-	-
Balance at 31st March, 2019	25.82	0.03	25.85

Carrying amount of

Particulars	Plant and machinery	Office equipment	Total
Deemed cost at 1st April, 2017	102.88	0.02	102.90
Addition for the year	69.02	-	69.02
Disposal / adjustments	-	-	-
Depreciation charges	(7.32)	-	(7.32)
Balance at 31st March, 2018	164.58	0.02	164.60
Addition for the year	-	-	-
Disposal / adjustments	-	-	-
Depreciation charges	(15.20)	-	(15.20)
Balance at 31st March, 2019	149.38	0.02	149.40

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, 2019</u>	<u>31st March, 2018</u>
Net Profit as per Statement of Profit & Loss (Rs. in Lakhs)	(139.55)	(24.60)
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	50,000.00	50,000
Number of shares - Diluted (Nos.)	50,000.00	50,000
Basic Earning Per share (Rs.)	(279.10)	(49.20)
Diluted Earning Per share (Rs.)	(279.10)	(49.20)

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

Provident fund and other funds:

	<u>31st March, 2019</u>	<u>31st March, 2018</u>
Employer's contribution to provident fund	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 based on which the Company contributes the ascertained liability to Life Insurance Corporation of India with whom the plan assets are maintained.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk

Investment Risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest Rate Risk

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Longevity Risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk

Higher than expected increases in salary will increase the defined benefit obligation

	<u>31st March, 2019</u> [Rs. In Lakhs]	<u>31st March, 2018</u> [Rs. In Lakhs]
Gratuity Plan:		
I (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	-	-
Current Service Cost (B)	0.44	-
Interest Cost (C)	-	-
Actuarial (gain)/ loss (D)	-	-
Benefits Paid (E)	-	-
Past Service Cost including curtailment Gains/Losses (F)	10.04	-
Present value of obligations at the end(F=A+B+C+D+E+F)	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)	10.48	-

(iv) Net gratuity cost for the year ended:**In Statement of Profit & Loss A/c**

Current Service Cost (A)	0.44	-
Interest cost (B)	-	-
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)	-	-
Net gratuity cost (E=A+B+C+D+E)	10.48	-

(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)	0.19	-
Non-Current Liability (Amount due over one year)	10.29	-

Total Projected Benefit Obligation at the end of year

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:

	31st March, 2019	
	[Rs. In Lakhs]	
	Increased	Decreased
Impact of change in discount rate (+/- 0.5%)	(0.27)	0.28
Impact of change in salary (+/- 0.5%)	0.28	(0.28)

Leave Encashment Plan:

	<u>31st March, 2019</u> [Rs. In Lakhs]	<u>31st March, 2018</u> [Rs. In Lakhs]
II (i) Change in Present Value of benefit obligations :		
Present value of obligation at the beginning (A)	-	-
Current Service Cost (B)	0.07	-
Interest Cost (C)	-	-
Actuarial (gain)/ loss (D)	-	-
Benefits Paid (E)	-	-
Past Service Cost including curtailment Gains/Losses (F)	0.84	-
Present value of obligations at the end(F=A+B+C+D+E+F)	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)	0.91	-
(iv) Net Leave Encashment for the year ended :		
Current Service Cost (A)	0.07	-
Interest cost (B)	-	-
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	-	-
Past Service Cost including curtailment Gains/Losses (E)	0.84	-
Net Leave Encashment cost (E=A+B+C+D+E)	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	-
Non-Current Liability (Amount due over one year)	0.85	-
Total PBO at the end of year	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</u> <u>31st March, 2019</u> (%)	<u>Leave Encashment Plan</u> <u>31st March, 2019</u> (%)
Discount rate	7.66%	7.66%
Salary escalation rate	5.50%	5.50%
Expected rate of return on plan assets	-	-

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.
Fellow subsidiaries:	Rico Auto Industries Inc. USA Rico Auto Industries (UK) Limited, UK
Key Managerial Personnel	Shri Ish Mohit Pannu

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

	<u>31st March, 2019</u>	<u>31st March, 2018</u>
	[Rs. In Lakhs]	[Rs. In Lakhs]
(i) RICO Auto Industries Ltd, Holding Co.		
Loan taken during the year	505.00	202.00
Loan repaid during the year	505.00	86.50
Other expenses	-	0.12
Electricity Expenses (net of GST)	23.69	19.84
Rent Paid (net of GST)	27.07	18.43
Reimbursement of expenses	72.97	53.50
Material Purchase	-	0.47
Interest Paid	52.53	32.60
Loans (taken) payable	353.61	353.61
Balance payable	126.35	115.54
(ii) Rico Aluminium and Ferrous Auto Components Limited, Subsidiary Co.		
Job Work Exp	-	-
Scrap Sales	72.55	46.23
Components Purchase	-	0.02
Assets Purchase	-	8.53
Reimbursement of expenses	-	-
Balance payable / (Receivable)	-	(22.98)
	<u>31st March, 2019</u>	<u>31st March, 2018</u>
	[Rs. In Lakhs]	[Rs. In Lakhs]
Note - 34: Detail of dues to micro and small enterprises as defined under the MSMED Act, 2006		
Balance payable	0.25	57.03
Interest Payable	-	-

		<u>31st March, 2019</u>	<u>31st March, 2018</u>
Note - 35: Composition of imported and indigenous raw material (including components and spares)			
Iron & Steel			
-Indigenous	Value in (` in Lakhs)	152.75	136.74
	% of total consumption	100%	100%
Stores and spare parts			
-Indigenous	Value in (` in Lakhs)	67.90	82.07
	% of total consumption	100%	100%
Note - 36: Capital and other commitments		<u>31st March, 2019</u>	<u>31st March, 2018</u>
		[Rs. In Lakhs]	[Rs. In Lakhs]
		Nil	Nil
Note - 37: Contingent Liabilities		<u>31st March, 2019</u>	<u>31st March, 2018</u>
		[Rs. In Lakhs]	[Rs. In Lakhs]
a. Claims against the company not acknowledged as debts		Nil	Nil
b. Guarantees issued by Bank on behalf of the Company		60.23	60.23
c. Provident Fund			
<p>The Honourable Supreme Court, has passed a decision on 28th february, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employee's Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the Impact on its financial Statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.</p>		Amount not determinable	-

38 Financial instruments and risk management

38.1 A Financial Instruments by Category

	March 31, 2019		March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets*				
<i>Non Current</i>				
Other financial assets	-	-	-	0.25
<i>Current</i>				
Trade Receivables	-	29.66	-	270.16
Cash and Cash Equivalents	-	7.48	-	19.32
Other financial assets	-	1.24	-	1.41
Total financial assets	-	38.38	-	291.14
Financial liabilities				
<i>Non Current</i>				
Borrowings (excluding current maturities)	-	353.61	-	427.43
<i>Current</i>				
Trade payables	-	19.42	-	243.93
Other Financial Liabilities	-	201.20	-	-
Total financial liabilities	-	574.23	-	671.36

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 31,2019	-	-	-	-
Current Investment in Mutual Funds	March 31,2018	-	-	-	-

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 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.

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. However, in respect of import of BOP and spares (which accounts for only 2% 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, 2019	March 31, 2018
Forward Contract (Buy)	USD : INR	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, 2019	March 31, 2018
Variable rate borrowings	-	-
Fixed rate borrowings	353.61	427.43
Total borrowings	353.61	427.43

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, 2019	For the year ended March 31, 2018
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, 2019						
Borrowing					353.61	353.61
Trade Payable (Goods, Service & Capital Goods)	15.48					15.48
Total	15.48	-	-	-	353.61	369.09
As at March 31, 2018						
Borrowing					427.43	427.43
Trade Payable (Goods, Service & Capital Goods)	241.53					241.53
Total	241.53	-	-	-	427.43	668.96

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:

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

Particulars	As at March 31, 2019	As at March 31, 2018
Debt	353.61	427.43
Cash and cash equivalent	(7.48)	(19.32)
Net Debts	346.13	408.11
Total Equity	(274.28)	(134.70)
Net debts to Total Equity	(1.27)	(3.04)

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, 2019	For the year ended March 31, 2018
<i>On Equity share of Rs.10 each</i>		
Final Dividend		
- Amount of dividend paid	Nil	Nil
- Dividend per equity share	Nil	Nil
Interim Dividend		
- Amount of dividend paid	Nil	Nil
- Dividend per equity share	Nil	Nil

AAN Engineering Industries Limited

Notes to the financial statements for the year ended March 31, 2019

39 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.

40 Recent accounting pronouncements

40.a Ind AS 116, Leases :

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116 will replace the existing lease standard, Ind AS 17, Leases, and related informations. The Standard set out the Principles for the Recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the Lessee and the Lessor. Ind AS 116 Introduces a single lessee accounting model and requires the lessee to recognize assets and all liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently operating lease are charged to Statement of profit or loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. As per Ind AS 116, the lessee needs to recognise depreciation on rights to use assets and finance costs on lease liabilities in the statement of profit and loss. the lease payments made by the lessee under lease arrangement will be adjusted against the lease liabilities.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

40.b Ind AS 12, Income Taxes:

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The Amendment clarifies that an entity shall recognize the income tax consequences of dividends profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

40.c Ind AS 19, Plan amendment, curtailment or settlement:

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AD 19, Employees Benefits, In connection with accounting for plan amendments, curtailments and settlements.

the amendments require an entity :

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

41 Previous year figures

Previous GAAP figures have been regrouped/ reclassified wherever necessary to conform to the requirements prescribed under Division II of Schedule III to the Companies Act, 2013

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: 07181747**

**Naresh Kumar Sethi
Director
DIN: 00202498**

**Place : Gurugram
Dated : 28th May, 2019**

REPORT OF INDEPENDENT AUDITORS

To
Board of Directors
Rico Auto Industries, Inc.

Report on the Consolidated Financial Statements

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, 2019 and 2018, 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.

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, 2019 and 2018 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.

New Delhi, India
May 28, 2019

Rico Auto Industries Inc., USA

Profit & Loss Account as on 31/03/2019

@ 69.87

@ 66.97

Particulars	Schedule No.	Period Ended	Period Ended	Period Ended	Period Ended
		Mar 31, 2019 - US\$	Mar 31, 2019 - INR	Mar 31, 2018 - US\$	Mar 31, 2018 - INR
		Audited	Audited	Audited	Audited
INCOME					
Sales - Components	12	20103900	1404659512	21817573	1406369454
Sales - Scrap					
Sales - Tooling & Other Income		0	0	9729	627133
		20103900	1404659512	21827302	1406996586
EXPENDITURE					
Manufacturing & Other Expenses	13	19730572	1378575069	21370748	1377566968
Financial Charges	14	5723	399854	5421	349459
Miscellaneous Expenditure written off		0	0	0	0
		19736295	1378974923	21376169	1377916427
Profit before Depreciation		367606	25684589	451132	29080159
Depreciation		391	27319	277	17856
Profit After Depreciation		367215	25657269	450855	29062303
		1.83%	1.83%	2.07%	2.07%
Provision for Income Tax		146386	10228019	167414	10791592
Provision for Deferred Tax		0	0	5956	383924
Reversal of Deffered Tax Assets		0	0	0	0
Profit After Tax		220828	15429250	277485	17886788
Less : Previous Year Income tax paid		0	0	0	0
Amount Available for Appropriations		220828	15429250	277485	17886788
	%	1.10%	1.10%	1.27%	1.27%
APPROPRIATIONS					
Balance carried over to Balance Sheet		220828	15429250	277485	17886788
		220828	15429250	174918	10702031

Rico Auto Industries Inc.,USA					
Schedule of Profit & Loss Account as on 31/03/2019					
Particulars		@ 69.87		@ 66.9747	
		Period Ended Mar 31, 2019 - US\$	Period Ended Mar 31, 2019 - INR	Period Ended Mar 31, 2018 - US\$	Period Ended Mar 31, 2018 - INR
		Audited	Audited	Audited	Audited
Schedule 12 - Sales & other Income					
Sales - Components		2,01,03,900	1,40,46,59,512	2,18,17,573	1,40,63,69,454
Sales - Tooling		-	-	-	-
Sales - Other Income		-	-	9,729	6,27,133
	i	2,01,03,900	1,40,46,59,512	2,18,27,302	1,40,69,96,586
Schedule 13 - Manufacturing & Other Expenses					
Cost of Sales					
Purchases of Raw Materials		1,94,45,670	1,35,85,14,090	2,00,61,910	1,27,09,90,627
Add : Opening Finished Goods		29,53,343	20,42,23,671	29,53,343	19,24,69,366
Less : Closing Finished Goods		31,68,416	21,90,95,973	21,84,427	12,06,96,608
Net Raw Materials consumed		1,92,30,597	1,34,36,41,789	2,08,30,826	1,34,27,63,385
Components (USA)		-	-	-	-
Purchase Tooling (Rico India)		-	-	-	-
Balance Written Off		-	-	-	-
Job Work Charges		11,403	7,96,742	55,444	35,73,910
Consumables		-	-	191	12,289
Packing Materials		-	-	-	-
Warehousing Expenses	b	2,03,464	1,42,15,998	2,39,618	1,54,45,842
		1,94,45,463	1,35,86,54,528	2,11,26,078	1,36,17,95,427
Administrative Expenses					
Inspection & Rework Expenses		-	-	-	-
Testing Expenses		-	-	(3,001)	(1,93,437)
Audit Fees		9,590	6,70,053	10,307	6,64,393
Legal & Professional	g	43,225	30,20,136	45,139	29,09,665
Fees & Taxes		1,570	1,09,698	1,365	87,974
Rent		11,400	7,96,518	11,400	7,34,849
Insurance (Warehouse & Worker Policy)	f	14,888	10,40,228	11,012	7,09,849
Bond service & premium		550	38,429	550	35,453
Administration Expenses		4,000	2,79,480	12,000	7,73,525
		85,223	59,54,541	88,772	57,22,271
General Expenses					
Travelling Expenses		6,211	4,33,978	5,384	3,47,053
Printing & Stationary		-	-	-	-
Telephone Expenses		6,112	4,27,020	6,785	4,37,343
Postage & Courier		410	28,655	618	39,804
General Expenses + Short & Excess		(259)	(18,114)	15,687	10,11,211
		12,473	8,71,539	28,473	18,35,412
Income Tax paid		-	-	-	-
Selling Expenses					
Sales Promotion		49,844	34,82,589	2,268	1,46,214
Freight Charges		-	-	-	-
Freight Charges		13,206	9,22,715	153	9,887
Clearing & Forwarding		-	-	-	-
Income Tax Refund 31.03.18		-	-	-	-
Salaries (Jeffrey Thielen)	h	1,24,362	86,89,157	1,25,003	80,57,758
Provi. For Uncollectible D/D		-	-	-	-
		1,87,412	1,30,94,461	1,27,425	82,13,858
		1,97,30,572	1,37,85,75,069	2,13,70,748	1,37,75,66,968
Schedule 14 - Financial Charges					
Bank Interest - JPMorgan		168	11,726	211	13,620
Bank Charges		5,555	3,88,128	5,210	3,35,839
		5,723	3,99,854	5,421	3,49,459

Rico Auto Industries Inc.,USA					
Balance Sheet as on 31/03/2019					
Particulars	Schedule No.	@ 69.87		@ 66.9747	
		As at Mar 31, 2019 - US\$	Period Ended Mar 31, 2019 - INR	As at March 31, 2018 - US\$	As at Jun 30, 2018 - INR
		Audited	Audited	Audited	Audited
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
Share Capital	1	25000	1216850	25000	1216850
Exchange Equilisation Reserve			31389410		17343532
Reserves & Surplus	2	3764888	229464455	3544059	214035198
Loan Funds	3	0	0	0	0
TOTAL		3789888	262070716	3569059	232595580
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	3822	264262	3822	249052
Less : Depreciation		2927	202402	2536	165271
Net Block		895	61860	1286	83781
INVESTMENTS	5	0	0	0	0
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	5086503	351731654	5612071	365738680
Account Receivables	7	3609502	249597065	5306398	345817981
Cash & Bank Balances	8	48359	3343986	24077	1569051
Loans & Advances	9	158088	10931755	229769	14974065
		8902451	615604460	11172315	728099777
Less : Current Liabilities & Provisions	10	5113458	353595604	7604542	495587978
Net Current Assets		3788993	262008856	3567774	232511800
Deffered Tax Assets		0	0	0	0
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11	0	0	0	0
TOTAL		3789888	262070716	3569059	232595580
		0	0	0	

Rico Auto Industries Inc., USA				
Schedule of Balance Sheet as on 31/03/2019				
Particulars	@ 69.87		@ 66.9747	
	As at Mar 31, 2019 - US\$	Period Ended Mar 31, 2019 - INR	As at March 31, 2018 - US\$	As at March 31, 2018 - INR
	Audited	Audited	Audited	Audited
Schedule 1 - Share Capital				
AUTHORISED				
2500 Equity Shares US\$ 10 Par	25000	1182250	25000	1182250
ISSUED , SUBSCRIBED AND PAID-UP				
2500 Equity Shares US\$ 10 Par	25000	1216850	25000	1216850
(Previous Period 2500 Equity Shares US\$ 10 Par)				
Exchange Fluctuation	25000	1216850	25000	1216850
Schedule 2 - Reserves & Schedules				
SURPLUS				
As per Last Balance Sheet	3544059	214035205	3266574	196148401
Add : Transferred from Profit & Loss Account	220828	15429250	277485	17886788
	3764888	229464455	3544059	214035189
Schedule 3- Loan Funds	0	0.00	0	0
	0	0	0	0
Schedule 4- Fixed Assets	3822	264262	3822	249052
	3822	264262	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	1918087	132635681	3427644	223379564
Finished Goods	3168416	219095973	2184427	142359116
Packing Materials	0	0	0	0
	5086503	361731654	5612071	365738680
Schedule 7 - Sundry Debtors				
(Unsecured considered good)				
Advance to Vendors	0	0	390000	25416300
Other Debts	3609502	249597065	4916398	320401681
Less : Provision for Uncollectibles	0	0	0	0
	3609502	249597065	5306398	345817981
Schedule 8 - Cash and bank Balances				
Balances with scheduled banks				
In current accounts	48359	3343986	24077	1569051
	48359	3343986	24077	1569051
Schedule 9 - Loans and Advances				
(Unsecured considered good)				
Advances recoverable in cash or in kind or for value to be received	e	10099	698344	10099
Security Deposit Refundable	j	950	65693	950
Custom Duty Refundable		22039	1523969	22039
Advance Tax (Non Current Assets)		125000	8643750	125000
		158088	10931755	158088
Schedule 10 - Current Liabilities and Provisions				
Sundry Creditors - Trade	c	4956956	342773479	4337108
Advance from Customer		0	0	0
Expenses Payable	a	13420	927993	12174
Deferred Tax Liability		17076	1180805	17076
Income Tax Provision- for the year till date		126006	8713327	126006
		5113458	353596604	4492364
Schedule 11 - Miscellaneous Expenditure				
(to the extent not written off or adjusted)		0	0	0
		0	0	0

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

Opinion

We have audited the financial statements of Rico Auto Industries (UK) Limited (the 'company') for the year ended 31 March 2019 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 2019 and of its profit 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.

Opinion 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 2019**

	Notes	2019 Rs.	2018 Rs.
TURNOVER	3	971,943,590	846,434,899
Cost of sales		<u>(920,539,247)</u>	<u>(799,117,787)</u>
GROSS PROFIT		51,404,343	47,317,112
Administrative expenses		<u>(66,426,602)</u>	<u>(41,757,029)</u>
		(15,022,259)	5,560,083
Other operating income		<u>22,728,852</u>	<u>747,916</u>
OPERATING PROFIT	5	7,706,593	6,307,999
Interest payable and similar expenses	6	<u>-</u>	<u>(1,399)</u>
PROFIT BEFORE TAXATION		7,706,593	6,306,600
Tax on profit	7	<u>(1,383,288)</u>	<u>(1,229,623)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>6,323,305</u>	<u>5,076,977</u>

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 Rs.	2018 Rs.
PROFIT FOR THE YEAR		6,323,305	5,076,977
OTHER COMPREHENSIVE INCOME			
Exchange equalisation reserve		(1,204,071)	7,201,582
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(1,204,071)</u>	<u>7,201,582</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,119,234</u>	<u>12,278,559</u>

The notes form part of these financial statements

BALANCE SHEET
31 MARCH 2019

	Notes	2019 Rs.	2018 Rs.
FIXED ASSETS			
Tangible assets	8	36,245	14,790
CURRENT ASSETS			
Stocks	9	25,974,387	193,266,538
Debtors	10	174,426,194	142,006,032
Cash in hand		<u>8,294,899</u>	<u>34,561,809</u>
		208,695,480	369,834,379
CREDITORS			
Amounts falling due within one year	11	<u>(140,023,649)</u>	<u>(306,260,327)</u>
NET CURRENT ASSETS			
		<u>68,671,831</u>	<u>63,574,052</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>68,708,076</u>	<u>63,588,842</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,628,400	1,628,400
Exchange equalisation reserve	14	5,898,900	7,102,971
Retained earnings	14	<u>61,180,776</u>	<u>54,857,471</u>
SHAREHOLDERS' FUNDS			
		<u>68,708,076</u>	<u>63,588,842</u>

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
OM Prakash Aggarwal - 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 2019**

	Called up share capital Rs.	Retained earnings Rs.	Exchange equalisation reserve Rs.	Total equity Rs.
Balance at 1 April 2017	1,628,400	49,780,494	(98,611)	51,310,283
Changes in equity				
Total comprehensive income	<u>-</u>	<u>5,076,977</u>	<u>7,201,582</u>	<u>12,278,559</u>
Balance at 31 March 2018	<u>1,628,400</u>	<u>54,857,471</u>	<u>7,102,971</u>	<u>63,588,842</u>
Changes in equity				
Total comprehensive income	<u>-</u>	<u>6,323,305</u>	<u>(1,204,071)</u>	<u>5,119,234</u>
Balance at 31 March 2019	<u>1,628,400</u>	<u>61,180,776</u>	<u>5,898,900</u>	<u>68,708,076</u>

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 Rs.	2018 Rs.
Cash flows from operating activities			
Cash generated from operations	1	124,926,564	(70,913,793)
Interest paid		-	(1,399)
Tax paid		<u>(1,266,496)</u>	<u>(739,799)</u>
Net cash from operating activities		<u>123,660,068</u>	<u>(71,654,991)</u>
Cash flows from financing activities			
Amounts (to)/from group undertakings		<u>(148,696,958)</u>	<u>88,719,501</u>
Net cash from financing activities		<u>(148,696,958)</u>	<u>88,719,501</u>
(Decrease)/increase in cash and cash equivalents		<u>(25,036,890)</u>	<u>17,064,510</u>
Cash and cash equivalents at beginning of year	2	34,561,809	10,297,796
Effect of foreign exchange rate changes		<u>(1,230,020)</u>	<u>7,199,503</u>
Cash and cash equivalents at end of year	2	<u>8,294,899</u>	<u>34,561,809</u>

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 2019

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

	2019	2018
	Rs.	Rs.
Profit before taxation	7,706,593	6,306,600
Depreciation charges	4,494	6,081
Finance costs	-	1,399
	<hr/>	<hr/>
	7,711,087	6,314,080
Decrease/(increase) in stocks	167,292,151	(45,967,071)
Increase in trade and other debtors	(32,420,162)	(39,705,104)
(Decrease)/increase in trade and other creditors	(17,656,512)	8,444,302
	<hr/>	<hr/>
Cash generated from operations	<u>124,926,564</u>	<u>(70,913,793)</u>

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 2019

	31/3/19	1/4/18
	Rs.	Rs.
Cash and cash equivalents	<u>8,294,899</u>	<u>34,561,809</u>

Year ended 31 March 2018

	31/3/18	1/4/17
	Rs.	Rs.
Cash and cash equivalents	<u>34,561,809</u>	<u>10,297,796</u>

The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into Indian Rupees at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Indian Rupees at the rate of exchange prevalent at the end of the day of the period under reporting. Exchange differences in translation at year end results in Sterling to Rupees are shown under movement in reserves as Exchange equalisation reserves.

Functional currency and presentation currency

The transactions are carried out in Pound Sterling, Euro and US Dollar (Functional currencies) but accounts are presented in Indian Rupees due to the fact that the group accounts are prepared in Indian currency (Presentational currency).

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.

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019	2018
	Rs.	Rs.
United Kingdom	9,295,903	14,934,434
Europe	962,647,687	831,500,465
	<u>971,943,590</u>	<u>846,434,899</u>

4. EMPLOYEES AND DIRECTORS

	2019	2018
	Rs.	Rs.
Wages and salaries	2,769,988	3,678,843
Social security costs	466	370,543
Other pension costs	55,400	50,627
	<u>2,825,854</u>	<u>4,100,013</u>

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

	2019	2018
General Administration	<u>1</u>	<u>1</u>

	2019	2018
	Rs.	Rs.
Directors' remuneration	<u>-</u>	<u>-</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	Rs.	Rs.
Depreciation - owned assets	4,495	6,079
Auditors' remuneration	558,027	668,607
Foreign exchange differences	21,251,296	7,992,088
	<u>21,251,296</u>	<u>7,992,088</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	Rs.	Rs.
Bank interest	<u>-</u>	<u>1,399</u>

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

8.	TANGIBLE FIXED ASSETS	Fixtures and fittings Rs.	Computer equipment Rs.	Totals Rs.
	COST			
	At 1 April 2018	106,849	338,269	445,118
	Exchange differences	<u>(1,300)</u>	<u>21,938</u>	<u>20,638</u>
	At 31 March 2019	<u>105,549</u>	<u>360,207</u>	<u>465,756</u>
	DEPRECIATION			
	At 1 April 2018	102,029	328,299	430,328
	Charge for year	642	3,853	4,495
	Exchange differences	<u>(1,252)</u>	<u>(4,060)</u>	<u>(5,312)</u>
	At 31 March 2019	<u>101,419</u>	<u>328,092</u>	<u>429,511</u>
	NET BOOK VALUE			
	At 31 March 2019	<u>4,130</u>	<u>32,115</u>	<u>36,245</u>
	At 31 March 2018	<u>4,820</u>	<u>9,970</u>	<u>14,790</u>
9.	STOCKS		2019	2018
			Rs.	Rs.
	Components-Imported		12,365,923	83,840,627
	Goods in transit		<u>13,608,464</u>	<u>109,425,911</u>
			<u>25,974,387</u>	<u>193,266,538</u>
10.	DEBTORS		2019	2018
			Rs.	Rs.
	Amounts falling due within one year:			
	Trade debtors		173,848,247	136,087,898
	VAT		224,687	5,497,027
	Prepayments		<u>161,054</u>	<u>226,535</u>
			<u>174,233,988</u>	<u>141,811,460</u>
	Amounts falling due after more than one year:			
	Other debtors		<u>192,206</u>	<u>194,572</u>
	Aggregate amounts		<u>174,426,194</u>	<u>142,006,032</u>

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	Rs.	Rs.
Trade creditors	12,476,157	27,670,545
Amounts owed to group undertakings	125,358,209	274,055,167
Corporation Tax	1,383,288	1,266,496
Social security and other taxes	122,554	432,363
Other creditors	-	357,674
Accrued expenses	683,441	2,478,082
	<u>140,023,649</u>	<u>306,260,327</u>

12. LEASING AGREEMENTS

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

	2019	2018
	Rs.	Rs.
Between one and five years	<u>807,294</u>	<u>817,235</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	Rs.	Rs.
20,000	Ordinary shares	GBP 1	<u>1,628,400</u>	<u>1,628,400</u>

14. RESERVES

	Retained earnings	Exchange equalisation reserve	Totals
	Rs.	Rs.	Rs.
At 1 April 2018	54,857,471	7,102,971	61,960,442
Profit for the year	6,323,305		6,323,305
Share Capital	-	(516,746)	(516,746)
Retained earnings	-	(687,325)	(687,325)
At 31 March 2019	<u>61,180,776</u>	<u>5,898,900</u>	<u>67,079,676</u>

15. RELATED PARTY DISCLOSURES

During the year the company made purchases of Indian Rs. 812,355,811 (2018: Indian Rs. 870,641,464) from Rico Auto Industries Limited.

As at the balance sheet date, the company owed Indian Rs. 125,358,209 (2017: Indian Rs. 274,055,167) to Rico Auto Industries Limited.

All transactions were at arms length.

RICO AUTO INDUSTRIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

16. 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 2019

	2019		2018	
	Rs.	Rs.	Rs.	Rs.
Sales		971,943,590		846,434,899
Cost of sales				
Purchases	884,861,373		774,622,355	
Warehousing expenses	<u>35,677,874</u>		<u>24,495,432</u>	
		<u>920,539,247</u>		<u>799,117,787</u>
GROSS PROFIT		51,404,343		47,317,112
Other income				
Sundry receipts		<u>22,728,852</u>		<u>747,916</u>
		74,133,195		48,065,028
Expenditure				
Wages and salaries	2,769,988		3,678,843	
Social security	466		370,543	
Pensions	55,400		50,627	
Telephone expenses	203,469		274,709	
Printing and stationery	30,311		72,515	
Advertisement expenses	12,859,779		5,973,043	
Travelling expenses	43,567		25,878	
Insurance	270,132		248,965	
Rent and rates	1,074,531		1,052,364	
Custom and duty cost	26,520,139		20,159,953	
Sundry expenses	59,924		1,697	
Legal and professional fees	501,736		852,727	
Auditors' remuneration	558,027		668,607	
Foreign exchange loss	<u>21,251,296</u>		<u>7,992,088</u>	
		<u>66,198,765</u>		<u>41,422,559</u>
		7,934,430		6,642,469
Finance costs				
Bank charges	223,343		328,389	
Bank interest	<u>-</u>		<u>1,399</u>	
		<u>223,343</u>		<u>329,788</u>
		7,711,087		6,312,681
Depreciation				
Fixtures and fittings	642		1,456	
Computer equipment	<u>3,852</u>		<u>4,625</u>	
		<u>4,494</u>		<u>6,081</u>
NET PROFIT		<u><u>7,706,593</u></u>		<u><u>6,306,600</u></u>

This page does not form part of the statutory financial statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Private Limited)

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of members of Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the 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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 audit opinion on the Ind AS financial statements.

Other Information

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

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 such 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 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, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the [Indian Accounting Standards (Ind AS) 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 accounting policies; making

judgments and estimates that are reasonable and prudent; and the 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 statements 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.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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.

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 Act, 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 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.

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 Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 (b) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Tanmay Das Mahapatra
Partner
Membership Number: 058259
Place of Signature: Gurugram
Date: May 28, 2019

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Private Limited) (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventories at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of sections 185 and 186 of the Act are applicable and hence not commented upon.
- (v) 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 accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to manufacture of water and oil pumps and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales tax, customs duty, value added tax, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	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) According to the information and explanations given by the management, the Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to a government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, 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 accounting 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 an 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 under review and hence, reporting requirements of clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Tanmoy Das Mahapatra
Partner
Membership Number: 058259
Place of Signature: Gurugram
Date: May 28, 2019

Annexure 2 to the independent auditor's report of even date on the standalone financial statements of Rico Fluidtronics Limited

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 Fluidtronics Limited (Formally known as Magna Rico Powertrain Private Limited) ("the Company") as of March 31, 2019 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 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act , to the extent 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 with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, 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 **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Tanmoy Dasmahapatra
Partner
Membership Number: 058259
Place of Signature: Gurugram
Date: May 28, 2019

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Balance Sheet as at March 31, 2019

Particulars	Note no.	As at	As at
		March 31, 2019	March 31, 2018
		Rs.	Rs.
ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipment	3	13,97,14,583	17,08,59,479
(b) Capital work-in-progress	3	63,02,530	7,87,367
(c) Intangible assets	4	55,54,410	91,88,581
(d) Financial assets			
(i) Other financial assets	5	4,14,25,240	19,68,399
(e) Other non-current assets	6	22,80,948	10,80,07,747
(f) Income tax assets (net)		-	2,33,504
(g) Deferred tax assets (net)	7	24,07,911	38,26,180
		19,76,85,622	29,48,71,257
2. Current assets			
(a) Inventories	8	3,33,70,501	2,90,74,522
(b) Financial Assets			
(i) Trade receivables	9	16,95,47,119	21,74,72,327
(ii) Cash and cash equivalents	10	22,29,82,644	3,47,48,096
(iii) Bank balance other than (ii) above	11	75,00,000	11,80,69,024
(iv) Other financial assets	12	57,38,617	86,46,549
(c) Other current assets	13	70,34,241	15,91,191
		44,61,73,122	40,96,01,709
Total Assets		64,38,58,744	70,44,72,966
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	42,24,00,000	42,24,00,000
(b) Other Equity	15	6,65,69,372	4,14,47,129
		48,89,69,372	46,38,47,129
Liabilities			
1. Non-current liabilities			
(a) Provisions	16	38,45,375	38,62,101
(b) Other Non current liabilities	17	17,68,337	32,62,983
		56,13,712	71,25,084
2. 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	18	13,19,51,804	20,00,34,573
(ii) Other financial liabilities	19	15,73,971	12,70,000
(b) Other current liabilities	20	89,41,716	1,00,25,080
(c) Provisions	16	35,67,357	31,63,329
(d) Current tax liabilities (net)		32,40,812	1,90,07,771
		14,92,75,660	23,35,00,753
Total Liabilities		15,48,89,372	24,06,25,837
Total Equity and Liabilities		64,38,58,744	70,44,72,966

See accompanying notes to the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. : 301003E/E300005
Chartered Accountants

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

per **Tanmoy Das Mahapatra**
Partner
Membership No.: 058259

Om Prakash Aggarwal
Director

Naresh Kumar Sethi
Director

Place : Gurugram
Date: May 28, 2019

Deepak Sharma
Company Secretary

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note no.	For the Year ended	For the Year ended
		March 31, 2019	March 31, 2018
		Rs.	Rs.
Revenue from Operations	21	92,54,02,689	92,44,43,723
Other Income	22	1,61,19,505	1,37,69,600
Total Income (I)		94,15,22,194	93,82,13,323
EXPENSES			
Cost of material consumed	23	64,16,32,296	61,99,41,569
Purchase of Toolings		40,30,000	2,30,63,735
Cost of engineering services		2,68,10,021	82,07,251
(Increase)/Decrease in inventories of finished goods, work-in-progress and tooling stock	24	(67,94,903)	1,03,80,976
Excise duty		-	71,37,116
Employee benefit expense	25	5,49,23,739	5,49,17,789
Depreciation and amortisation expense	26	3,83,88,327	3,31,95,174
Finance Cost	27	10,00,501	24,08,879
Other expenses	28	9,31,04,960	9,22,41,848
Total expenses(II)		85,30,94,941	85,14,94,337
Profit before tax (I-II)		8,84,27,253	8,67,18,986
Exceptional Items		-	-
Tax expense:	7		
(1) Current tax		2,40,29,890	1,83,88,397
(2) Deferred tax charge (Including MAT credit utilization)		13,42,265	1,00,74,363
(3) Income tax related to prior year		-	2,03,020
Total Tax expense		2,53,72,155	2,86,65,780
Profit for the year (III)		6,30,55,098	5,80,53,206
Other comprehensive income			
Remeasurement gain of net defined benefit plans		2,73,198	12,00,432
Tax Impact on defined benefit plan	7	76,004	3,96,899
Other comprehensive income for the year (IV)		1,97,194	8,03,533
Total comprehensive income for the year (III)+(IV)		6,32,52,292	5,88,56,739
Earnings per equity share (nominal value of share Rs 10)			
Basic & diluted (in Rs.)	29	1.49	1.37

See accompanying notes to the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. : 301003E/E300005
Chartered Accountants

per Tanmoy Das Mahapatra
Partner
Membership No.: 058259

Place : Gurugram
Date: May 28, 2019

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

Om Prakash Aggarwal
Director

Naresh Kumar Sethi
Director

Deepak Sharma
Company Secretary

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Statement of cash flows for the year ended March 31,2019

Particulars	For the year ended March 31, 2019 Rs.	For the year ended March 31, 2018 Rs.
Cash flows from operating activities		
Profit before tax	8,84,27,253	8,67,18,986
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	3,83,88,327	3,31,95,174
Interest income	(1,28,68,347)	(53,39,967)
Provision for warranty	17,67,993	6,87,543
Unrealised foreign exchange loss	2,75,975	1,99,100
Claim received from vendor	-	(23,46,252)
Export obligation deferred income	(7,73,241)	(7,73,241)
Unwinding of security deposit	(1,66,707)	(1,45,986)
Excess provision written back	-	(40,27,437)
Loss on sale of property, plant and equipment	19,166	-
Operating profit before working capital changes	11,50,70,419	10,81,67,920
Adjustments for changes in working capital :		
Movements in working capital :		
Decrease in other assets	9,90,74,248	5,21,09,462
Decrease in other financial assets	27,08,789	-
Decrease/ (Increase) in trade receivables	4,77,91,772	(2,58,39,606)
Increase/ (Decrease) in inventories	(42,95,979)	62,10,866
(Decrease) in trade payables and other liabilities	(7,00,30,078)	(1,97,27,605)
Increase/ (Decrease) in other financial liabilities	6,07,942	(20,09,953)
(Decrease)/ Increase in provisions	(6,15,542)	6,47,142
Cash generated from operations	19,03,11,571	11,95,58,226
Direct tax (paid) /net of refunds	(4,00,55,294)	(1,79,79,595)
Net cash generated from operating activities (A)	15,02,56,277	10,15,78,631
Cash flows from investing activities		
Payment for purchase of property, plant and equipment/ Capital work in progress / Intangible assets	(82,98,566)	(2,83,83,259)
Proceeds from sale of property, plant and equipment	60,506	-
Proceeds from bank deposits (net)	7,25,69,023	(7,00,63,128)
Interest received on bank deposits	1,17,77,356	52,28,868
Net cash generated from / (used) in investing activities (B)	7,61,08,319	(9,32,17,519)
Cash flows from financing activities		
Dividend paid (including dividend distribution tax)	(3,81,30,048)	-
Net cash used in financing activities (C)	(3,81,30,048)	-
Net increase in cash and cash equivalents[D= (A+B+C)]	18,82,34,548	83,61,112
Cash and cash equivalents at the beginning of the year (E)	3,47,48,096	2,63,86,984
Cash and cash equivalents at the close of the year (D+E)	22,29,82,644	3,47,48,096
Components of cash and cash equivalents		
Cash in hand	63,513	89,243
Balances with banks:		
On current accounts	2,71,47,616	2,71,58,853
Deposits with original maturity of less than three months	19,57,71,515	75,00,000
Total cash and cash equivalents (refer note 10)	22,29,82,644	3,47,48,096
See accompanying notes to the financial statements		

Notes:-

1) The statement of cash flows has been prepared using the indirect method as prescribed under Ind Accounting Standard - 7 on Statement of Cash flow.

2) Amounts in brackets represents negative amounts or outflow of cash.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E/E300005
Chartered Accountants

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

Om Prakash Aggarwal Naresh Kumar Sethi
Director Director

per Tanmoy Das Mahapatra
Partner
Membership No.: 058259

Deepak Sharma
Company Secretary

Place : Gurugram
Date : May 28, 2019

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Statement of Change in Equity for the year ended March 31, 2019

A. Equity Share Capital	Number of Equity Shares	Amount (in Rs.)
Equity share capital of Rs. 10/- each issued, subscribed and fully paid		
As at March 31, 2018 and March 31, 2019	4,22,40,000	42,24,00,000

B. Other Equity

(Amount in Rs.)

Particulars	Retained Earnings	Total
Balance as at 31 March, 2017	(1,74,09,611)	(1,74,09,611)
Profit for the year	5,80,53,206	5,80,53,206
Remeasurement Reserve transferred from other comprehensive income (net of tax)	8,03,533	8,03,533
Balance as at 31 March, 2018	4,14,47,129	4,14,47,129
Profit for the year	6,30,55,098	6,30,55,098
Dividend Paid during the year (including dividend distribution tax)	(3,81,30,048)	(3,81,30,048)
Remeasurement Reserve transferred from other comprehensive income (net of tax)	1,97,194	1,97,194
Balance as at 31 March, 2019	6,65,69,372	6,65,69,372

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. : 301003E/E300005
Chartered Accountants

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

per **Tanmoy Das Mahapatra**
Partner
Membership No.: 058259

Om Prakash Aggarwal
Director

Naresh Kumar Sethi
Director

Place : Gurugram
Date: May 28, 2019

Deepak Sharma
Company Secretary

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

1. Corporate information

Magna Rico Powertrain Private Limited renamed Rico Fluidtronics Limited with effect from May 15, 2019 (“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 Rico Auto Industries Limited and Rasa Autocom Ltd. (100% subsidiary of RAIL) refer note no. 14. The Company’s registered office is based in Gurugram, Haryana and manufacturing facility at Manesar, Haryana.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 28, 2018.

2. Basis of Preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable. The financial statements have been prepared on a historical cost basis. These financial statements are presented in Rs.

2.1 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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) Foreign currency

Functional currency

The functional currency of the company is Indian rupee. These financial statements are presented in Indian rupees (Rs.) except where otherwise indicated.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. 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.

c) Revenue Recognition

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 16 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.

1) 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.

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.

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

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.

Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

borrowing costs for long-term construction projects if the recognition criteria are met. . All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

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

g) Depreciation on property, plant and equipment

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

Particulars	Useful lives estimated by the management (years)
Plant and Machinery	10
Office Equipments	5
Furniture and fixtures	10
Dies and Moulds	5
Computers	3
Networks and servers	6

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	over a period of 3 to 5 years
Drawings and designs	over a period of 4 years

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

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) Retirement and other employee benefits

- (i) Retirement benefits in the form of provident fund contributed to statutory provident fund is a defined contribution scheme and the payments are charged to the statement of profit and loss for the period when the payments to the respective funds are due. There are no obligations other than contribution payable to provident fund authorities.
- (ii) The Company operates one defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plans is determined on the basis of actuarial valuation at each year-end using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, is recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

De-recognition of financial assets

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

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

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

iv) Financial liabilities

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

De-recognition of financial liabilities

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

o) Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

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.

2.2 Change in accounting policies

- i. With effect from April 1, 2018, Ind AS 115 *Revenue from Contracts with Customers* supersedes Ind AS 18 Revenue and related Appendices and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The company has adopted Ind AS 115 using the modified retrospective approach / cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. However, the effect on adoption of Ind AS 115 is immaterial, except additional presentation and disclosures in the financial statements. (refer note 21 & 37)

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers

The company is primarily engaged in the manufacturing of water and oil pumps used for two and four wheeler automobiles. Given below are the key aspects related to Ind AS 115 adoption and its transitional impact:

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

(a) Sale of goods – Timing

The company's contracts with customers for the sale of products and tooling are considered as separate performance obligation. The company has concluded that revenue from sale of products and tooling should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. In most cases, this is aligned to timing of revenue recognition under the erstwhile Ind AS 18.

(b) 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) Presentation and disclosure requirements

As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to Note 21 & 37 for the disclosure on disaggregated revenue.

Overall, the impact if the Company would have continued to apply the erstwhile Ind AS 18 - *Revenue* instead of Ind AS 115 - *Revenue from Contract with Customers* would have been immaterial on the financials statements of the Company for the year ended and as of March 31, 2019.

2.3 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) Estimated useful life of intangible and tangible asset Note 2.1(g) and Note 2.1(h)

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.

2.4 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 Group intends to adopt these standards, if applicable, when they become effective.

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 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. 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 to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company plans to adopt the new standard on the effective date using the full retrospective method. The Company is in the process of performing a detailed assessment of Ind AS 116 to determine the impact in its financial statement.

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Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

Note 3: Property Plant and Equipment and Capital work in progress

Gross Block								(Amount in Rs.)	
Particulars	Leasehold improvements	Furniture and fixture	Office equipments	Computers	Dies and Moulds	Plant and Machinery	Total	Capital work in progress	
At March 31, 2017	74,40,698	18,28,720	3,29,556	7,84,342	23,58,205	16,60,10,529	17,87,52,050	52,08,472	
Additions	2,91,944	26,000	1,44,697	10,34,609		4,49,42,393	4,64,39,643	3,92,42,172	
Disposal	-	-	-	-	-	-	-	-	
Capitalised during the year							-	(4,36,63,277)	
At March 31,2018	77,32,642	18,54,720	4,74,253	18,18,951	23,58,205	21,09,52,922	22,51,91,693	7,87,367	
Additions	-	42,017	79,190	18,13,559		13,93,168	33,27,933	55,15,163	
Disposal				(11,39,323)		(3,18,672)	(14,57,995)	-	
Capitalised during the year							-	-	
As at March 31, 2019	77,32,642	18,96,737	5,53,443	24,93,186	23,58,205	21,20,27,418	22,70,61,631	63,02,530	
Depreciation									
At March 31,2017	10,99,214	4,26,928	1,32,999	5,25,456	2,21,586	2,30,02,631	2,54,08,814	-	
Charge for the year	25,54,218	3,50,750	97,387	2,40,128	9,69,471	2,47,11,447	2,89,23,400	-	
Disposal	-	-	-	-	-	-	-	-	
At March 31,2018	36,53,432	7,77,678	2,30,386	7,65,584	11,91,057	4,77,14,078	5,43,32,214	-	
Charge for the year	27,47,434	3,29,368	1,11,393	5,71,092	6,34,381	2,99,99,489	3,43,93,156	-	
Disposal				(11,39,324)		(2,38,999)	(13,78,323)	-	
As at March 31, 2019	64,00,866	11,07,046	3,41,779	1,97,351	18,25,439	7,74,74,568	8,73,47,048	-	
Net block									
As at March 31, 2019	13,31,776	7,89,691	2,11,664	22,95,835	5,32,766	13,45,52,850	13,97,14,583	63,02,530	
At March 31,2018	40,79,210	10,77,042	2,43,867	10,53,367	11,67,148	16,32,38,844	17,08,59,479	7,87,367	

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

4. Intangible assets

Gross Block			(Amount in Rs.)
Particulars	Softwares	Design and drawings	Total
At March 31, 2017	21,93,682	1,39,69,348	1,61,63,030
Additions	15,67,438	-	15,67,438
Disposal	-	-	-
At March 31,2018	37,61,120	1,39,69,348	1,77,30,468
Additions	3,61,000	-	3,61,000
Disposal	-	-	-
As at March 31, 2019	41,22,120	1,39,69,348	1,80,91,468
Amortization			
At March 31,2017	10,64,817	32,05,296	42,70,113
Charge for the year	7,89,005	34,82,769	42,71,774
Disposal	-	-	-
At March 31,2018	18,53,822	66,88,065	85,41,887
Charge for the year	5,12,408	34,82,763	39,95,171
Disposal	-	-	-
As at March 31, 2019	23,66,230	1,01,70,828	1,25,37,058
Net block			
As at March 31, 2019	17,55,890	37,98,520	55,54,410
At March 31,2018	19,07,298	72,81,283	91,88,581

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

5. Other Financial assets (Non Current)- at amortised cost

(Unsecured considered good, unless stated otherwise)

	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Security Deposits	31,75,891	19,68,399
Bank deposits with maturity of more than 12 months	3,80,00,000	-
Interest accrued on bank deposit	2,49,349	-
Total	4,14,25,240	19,68,399

6. Other Non-current assets

(Unsecured considered good, unless stated otherwise)

	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Capital advances	12,09,500	-
Balances with statutory/government authorities	10,71,448	10,80,07,747
Total	22,80,948	10,80,07,747

7. Deferred tax assets (net)

	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
MAT Credit entilment	-	21,46,179
Deferred tax assets	24,07,911	16,80,001
Total	24,07,911	38,26,180

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

Movmenmt of Deferred Tax
For the year ended March 31, 2019

(Amount in Rs.)

Particulars	Opening balance as at April 1, 2018	Charged / (credited) to statement of profit or loss	Charged to other comprehensive income	Closing balance as at March 31, 2019
Deferred tax liabilities				
Property, Plant and Equipment	(46,69,364)	(24,09,627)	-	(22,59,737)
Total (A)	(46,69,364)	(24,09,627)	-	(22,59,737)
Deferred tax assets				
Employee benefits	22,79,198	2,03,657	76,004	19,99,538
Other temporary differences	40,70,167	14,02,057	-	26,68,110
Unused tax asset (MAT credit entitlement)	21,46,179	21,46,178		1
Total (B)	84,95,544	37,51,892	76,004	46,67,649
Net deferred tax assets (A+B)	38,26,180	13,42,265	76,004	24,07,911

For the year ended March 31, 2018

(Amount in Rs.)

Particulars	Opening balance as at April 1, 2017	Charged / (credited) to statement of profit or loss	Charged to other comprehensive income	Closing balance as at March 31, 2018
Deferred tax liabilities				
Property, Plant and Equipment	(49,49,749)	(2,80,385)	-	(46,69,364)
Total (A)	(49,49,749)	(2,80,385)	-	(46,69,364)
Deferred tax assets				
Employee benefits	25,51,522	(1,24,575)	3,96,899	22,79,198
Other temporary differences	51,78,170	11,08,002	-	40,70,167
Unused tax asset (MAT credit entitlement)	1,15,17,500	93,71,321	-	21,46,179
Total (B)	1,92,47,192	1,03,54,748	3,96,899	84,95,544
Net deferred tax assets (A+B)	1,42,97,443	1,00,74,363	3,96,899	38,26,180

Effective tax reconciliation

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax		
Current tax	2,40,29,890	1,83,88,397
Total Current tax (A)	2,40,29,890	1,83,88,397
Deferred tax charge/ (credit) (including MAT)	14,18,269	1,04,71,262
Total Deferred tax (B)	14,18,269	1,04,71,262
Total tax expense (A+B)	2,54,48,159	2,88,59,659

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting profit before tax (including other comprehensive income)	8,87,00,451	8,79,19,418
Statutory income tax rate	27.82%	33.06%
Tax at statutory income tax rate	2,46,76,465	2,90,68,797
Disallowable expenses	-	-10,56,306
Deferred tax not recognised	1,98,867	8,47,169
Effect of change in Statutory tax rate	2,66,408	-
Others	3,06,418	-
Total	2,54,48,158	2,88,59,661
Difference	-	-
Effective income tax rate (%)	28.69%	32.83%

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

8. Inventories	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Raw materials and components (at cost)	1,53,15,904	1,75,32,386
Finished goods (at lower of cost and net realisable value)	76,26,422	10,06,508
Stock in Transit(at lower of cost and net realisable value)	37,10,537	43,17,548
Tooling stock (at cost)	7,82,000	-
Stores and spares (at cost)	59,35,638	62,18,080
Total	3,33,70,501	2,90,74,522

9. Trade receivables (at amortised cost)	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Trade receivables		
Unsecured considered good	16,95,47,119	21,74,72,327
Total	16,95,47,119	21,74,72,327

Trade receivables are non-interest bearing and are normally settled upto 30-60 days terms. For outstanding balances, terms and conditions relating to related party receivables, Refer note 31.

10. Cash and cash equivalents	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Balances with banks:		
On current accounts	2,71,47,616	2,71,58,853
Deposits with original maturity of less than three months	19,57,71,515	75,00,000
Cash on hand	63,513	89,243
Total	22,29,82,644	3,47,48,096
Cash and cash equivalents for the purpose of Cash Flow Statement	22,29,82,644	3,47,48,096

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

11. Other Bank balances - (Current) - at amortised cost	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Deposit with original maturity of more than three months but less than twelve months	75,00,000	11,80,69,024
Total	75,00,000	11,80,69,024

Short-term deposits are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

12. Other Financial assets (Current) - at amortised cost (Unsecured considered good, unless stated otherwise)	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Deposit with banks	-	80,00,000
Interest accrued on Bank deposit	14,88,190	6,46,549
Export Incentive Receivable	42,50,427	-
Total	57,38,617	86,46,549

13. Other current assets (Unsecured considered good, unless stated otherwise)	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Prepaid expenses	12,31,108	15,91,191
Advance to suppliers	39,99,750	-
Balances with statutory/government authorities	18,03,383	-
Total	70,34,241	15,91,191

Note 14 : Equity Share capital	As at March 31, 2019		As at March 31, 2018	
	Rs.		Rs.	
Authorised shares (Nos.)				
50,000,000 (March 31, 2018 : 50,000,000) equity shares of Rs.10/- each	50,00,00,000		50,00,00,000	
Issued, subscribed and fully paid up shares (Nos.)				
42,240,000 (March 31, 2018 : 42,240,000) equity shares of Rs. 10/- each	42,24,00,000		42,24,00,000	
Issued, subscribed and fully paid up share capital	42,24,00,000		42,24,00,000	

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Rs.	No. of Shares	Rs.
At the beginning of the year	4,22,40,000	42,24,00,000	4,22,40,000	42,24,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	4,22,40,000	42,24,00,000	4,22,40,000	42,24,00,000

b) Details of shares held by holding company and / or their subsidiary (Refer Note 1)

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs 10 each fully paid				
Rico Auto Industries Limited	2,15,20,000	50.95%	-	0%
Rasa Autocom Limited	2,07,20,000	49.05%	-	0%
	4,22,40,000		-	

c) Details of shareholders holding more than 5% shares in the Company (Refer Note 1)

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs 10 each fully paid				
Rico Auto Industries Limited	2,15,20,000	50.95%	2,11,20,000	50%
Magna Powertrain GMBH*	-	0%	2,11,20,000	50%
Rasa Autocom Limited	2,07,20,000	49.05%	-	-
	4,22,40,000		4,22,40,000	

*(Erstwhile known as Magna Powertrain AG)

d) Terms/ description of equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

As per the records of the company, including its registers of shareholders/ members, the above shareholding represents legal ownership of the shares.

15. Other Equity*

	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Balance as per last financial statements	4,14,47,129	(1,74,09,611)
Dividend	(3,16,80,000)	-
Dividend distribution tax	(64,50,048)	-
Total comprehensive income for the year	6,32,52,292	5,88,56,739
Net Surplus in the Statement of Profit and Loss	6,65,69,372	4,14,47,129

*For details refer statement of change in equity.

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

16. Provisions	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Non Current		
Provision for employee benefits		
(a) Provision for gratuity (Refer note 32)	25,84,965	26,36,198
Others		
Provision for warranty*	12,60,410	12,25,903
	38,45,375	38,62,101
	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Current		
Provision for employee benefits		
(a) Provision for gratuity (Refer note 32)	5,35,588	98,422
(b) Provision for compensated absences	15,23,440	16,56,127
Others		
Provision for warranty*	15,08,329	14,08,780
Total	35,67,357	31,63,329
*Movement in provision for warranty	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Opening provision	26,34,683	23,35,555
Add: Charge for the year (Refer note 28)	17,67,993	6,87,543
Less: Utilised during the year	(16,33,937)	(3,88,415)
Closing provision	27,68,739	26,34,683
17. Other non current liabilities	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Rent equilisation reserve	-	7,21,405
Export obligation deferred income	17,68,337	25,41,578
Total	17,68,337	32,62,983
18. Trade payables - at amortised cost	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
(a) total outstanding dues of Micro and small enterprises (Refer note 33 (a))	-	-
(b) total outstanding dues of creditors other than Micro and small enterprises (Refer note 33 (b))	13,19,51,804	20,00,34,573
Total	13,19,51,804	20,00,34,573
Trade payable are non-interest bearing and are normally settled upto 30-60 days terms. For outstanding balances, terms and conditions relating to related party payables, Refer note 31.		
19. Other financial liabilities (Current) - at amortised cost	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Payable for capital goods	15,73,971	12,70,000
Total	15,73,971	12,70,000
20. Other current liabilities	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
Advances from customers	25,85,463	6,52,656
Rent equilisation reserve	7,21,405	12,36,712
Statutory liabilities*	48,61,607	73,62,471
Export obligation deferred income	7,73,241	7,73,241
Total	89,41,716	1,00,25,080

*Statutory liabilities mainly includes GST, contribution to PF, ESIC and withholding taxes etc.

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

21. Revenue from Operations

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
Revenue from Contracts with customers		
Sale of product		
Finished goods	91,12,00,345	89,40,07,008
Sale of engineering services	26,13,545	12,17,260
	<u>91,38,13,890</u>	<u>89,52,24,268</u>
Other operating revenue		
Tooling sales	54,00,000	2,54,83,214
Scrap sale	21,97,014	20,63,435
Duty drawback	11,03,609	9,02,891
Export incentive	28,88,176	7,69,914
	<u>1,15,88,799</u>	<u>2,92,19,455</u>
Total	<u><u>92,54,02,689</u></u>	<u><u>92,44,43,723</u></u>

Sale of goods includes excise duty collected from customers of Rs. NIL (March 31 2018: Rs 71,37116). Decrease of excise duty on closing stock amounting to Rs NIL, [March 31, 2018 : (Rs 353,861)] has been considered as expense in note 28 of financial statements.

22. Other income

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
Interest income on financial assets (At amortised cost)		
Bank deposits	1,28,68,347	53,39,967
Unwinding of security deposit	1,66,707	1,45,986
Other non-operating income		
Excess provision written back	-	40,27,437
Export obligation deferred income	7,73,241	7,73,241
Exchange difference (net)	-	6,32,602
Service income	-	3,51,784
Other miscellaneous income	23,11,210	24,98,583
Total	<u>1,61,19,505</u>	<u>1,37,69,600</u>

23. Cost of material consumed

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
Inventory as at the beginning of the year (refer note 8)	1,75,32,386	1,21,14,659
Add: Purchases	63,94,15,814	62,53,59,296
Less: Inventory as at the end of the year (refer note 8)	(1,53,15,904)	(1,75,32,386)
Total	<u>64,16,32,296</u>	<u>61,99,41,569</u>

24. (Increase) / Decrease in inventories of finished goods, work in progress and tooling stock

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
Inventory as at the end of the year		
-Finished goods (including stock in transit) (refer note 8)	1,13,36,959	53,24,056
-Tooling stock (refer note 8)	7,82,000	-
	<u>1,21,18,959</u>	<u>53,24,056</u>
Inventory as at the beginning of the year		
-Work in progress	-	4,61,448
-Finished goods (including stock in transit) (refer note 8)	53,24,056	1,27,33,964
-Tooling stock (refer note 8)	-	25,09,620
	<u>53,24,056</u>	<u>1,57,05,032</u>
Total	<u>(67,94,903)</u>	<u>1,03,80,976</u>

25. Employee benefits expenses

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
Salaries, wages and bonus	4,78,71,559	4,90,10,532
Contribution to provident and other fund (Refer note 32)	19,85,630	18,86,362
Gratuity expenses (Refer note 32)	7,92,553	8,30,454
Workmen and staff welfare expenses	42,73,997	31,90,441
Total	<u>5,49,23,739</u>	<u>5,49,17,789</u>

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

26. Depreciation and amortization expense

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
Depreciation expense	3,43,93,156	2,89,23,400
Amortization expense	39,95,171	42,71,774
Total	3,83,88,327	3,31,95,174

27. Finance costs

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
Bank charges	5,08,552	8,27,345
Interest on income tax	4,91,949	15,81,534
Total	10,00,501	24,08,879

28. Other expenses

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
Consumption of stores and spares	2,11,00,839	2,07,78,508
Decrease of excise duty on inventory (Refer note 21)	-	(3,53,861)
Power and fuel	1,01,40,902	1,01,93,681
Rent (Refer note 30)	86,75,684	87,00,464
Rates and taxes	6,74,987	9,47,496
Insurance	3,66,938	3,64,320
Management services	2,57,91,648	2,67,93,740
Repair & maintenance		
-Machinery	12,80,336	12,83,137
-Building	10,79,783	3,67,903
-Others	8,66,662	11,21,578
Information technology expense	32,96,022	42,23,039
Travelling and conveyance	22,71,114	30,26,043
Legal and professional	35,06,562	22,80,342
Payment to auditor:		
- Statutory audit fee	13,75,000	12,50,000
- Quarterly audit fee	3,85,000	3,50,000
- Out-of-pocket expenses	2,64,000	1,74,796
Communication costs	7,72,815	10,17,762
Printing and stationery	6,02,440	5,75,741
Exchange difference (net)	12,04,819	-
Freight outward	50,69,040	45,60,516
Provision for warranty	17,67,993	6,87,543
Corporate social responsibility expense*	10,72,919	9,02,828
Bad debts written off	-	8,97,630
Loss on Sale of property, plant and equipments	19,166	-
Miscellaneous expenses	15,20,291	20,98,642
Total	9,31,04,960	9,22,41,848

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
*Corporate social responsibility expenses		
(a) Gross amount required to be spent by the Company during the year	10,72,919	9,02,828
(b) Amount spent in cash during the year		
- Donation to Prime Minister National Relief Fund	10,72,919	9,02,828
Total	10,72,919	9,02,828

29. Earning per share (EPS)

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rs.	Rs.
(A) Profit attributable to ordinary shareholders for Basic and Diluted EPS	6,30,55,098	5,80,53,206
(B) Weighted average number of shares for basic and diluted EPS (in no.)	4,22,40,000	4,22,40,000
Nominal value of ordinary shares (in Rs.)	10	10
Basic / Diluted earning per share (A/B)	1.49	1.37

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

30. Commitments and Contingencies

a) Leases

The Company has taken corporate office and factory premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The Company has recognized Rs. 8,675,684 (31 March 2018: Rs. 8,700,464) in respect of cancellable operating leases.

(Amount in Rs.)		
Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Lease payments for the year	9,912,396	9,937,176
Rent equalization reserve charged to statement of profit and loss	(1,236,712)	(1,236,712)
Total	8,675,684	8,700,464

Operating Lease

The total of future minimum lease payments under operating leases for each of the following periods:

(Amount in Rs.)			
S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Not later than one year;	5,782,238	9,912,396
(ii)	Later than one year and not later than five years;	-	5,782,238
(iii)	Later than five years;	-	-

b) Contingent Liabilities

- i)** 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.
- ii)** There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order amounting to Rs.50,000. The company will update its provision for retrospective period, on receiving further clarity on the subject.

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Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

32. (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.

- (a) 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.

Statement of profit and loss

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

Particulars	(Amount in Rs.)	
	As at March 31, 2019	As at March 31, 2018
Current service cost	580,620	587,301
Interest cost on benefit obligation	211,933	243,153
Defined benefit cost included in Statement of Profit & Loss	792,553	830,454

Remeasurement gain recognised in other comprehensive income	(Amount in Rs.)	
	As at March 31, 2019	As at March 31, 2018
- Changes in financial assumptions	-	867,931
- Change in experience adjustments	273,198	332,501
Total remeasurement gain recognised in OCI	273,198	1,200,432

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Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

Balance Sheet

(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	(Amount in Rs.)	
	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	2,734,620	3,137,462
Current service cost	580,620	587,301
Interest cost on benefit obligation	211,933	243,153
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	-	-
- changes in financial assumptions	-	(867,931)
- experience adjustments	(273,198)	(332,501)
Benefit paid	(133,422)	(32,864)
Balance at the end of the year	3,120,553	2,734,620

(iii) Actuarial assumptions

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

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.75%	7.75%
Salary increase rate	8.00%	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.

(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	March 31, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Sensitivity Level				
Discount rate (1.00% movement)	339,036	(286,160)	260,541	(309,807)
Future salary growth (1.00% movement)	334,783	(287,999)	305,897	(262,240)
Attrition rate (1.00% movement)	20,000	(18,804)	21,523	(22,722)

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.

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Notes to financial statements for the year ended March 31, 2019

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

	<u>March 31, 2019</u>
Within next 12 months	535,588
Between 2 and 5 years	530,193
Beyond 5 years	2,043,278

(vi) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 17 years (March 31, 2018 : 18 years).

(vii) Expected contribution during the next annual reporting period is Rs. 668,432 (March 31, 2018 Rs. 653,307)

(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, 2019	For the year ended March 31, 2018
Provident fund and ESI	1,985,630	1,886,362

33. Trade Payables

- a. 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.
- b. Trade payables includes Rs. 6,507,772 (March 31, 2018: Rs 11,519,932) 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, 2109) 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 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.

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

(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.

Financial instruments and cash deposits

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.

(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.

1. Maturities of financial liabilities

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

	< 1 Year	1 > 5 Year	Total
Year ended			
March 31, 2019			
Trade Payable	131,951,804	-	131,951,804
Other financial liabilities	1,573,971	-	1,573,971
Total	133,525,775	-	133,525,775

	< 1 Year	1 > 5 Year	Total
Year ended			
March 31, 2018			
Trade Payable	200,034,573	-	200,034,573
Other financial liabilities	1,270,000	-	1,270,000
Total	201,304,573	-	201,304, 573

2. Maturities of financial assets

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

	< 1 Year	1 > 5 Year	Total
Year ended			
March 31, 2019			
Trade receivables	169,547,119	-	169,547,119
Other financial assets	5,738,617	41,425,240	47,163,857
Total	175,285,736	41,425,240	216,710,976

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

	< 1 Year	1 > 5 Year	Total
Year ended			
March 31, 2018			
Trade receivables	217,472,327	-	217,472,327
Other financial assets	8,646,549	1,968,399	10,614,948
Total	226,118,876	1,968,399	228,087,275

3. Categories of financial assets and liabilities

The table below summarises the category of the company's financial assets and liabilities.

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying value	Fair Value	Carrying value	Fair Value
Other financial asset	47,163,857	47,163,857	10,614,948	10,614,948
Trade receivable	169,547,119	169,547,119	217,472,327	217,472,327
Cash and cash equivalents	222,982,644	222,982,644	34,748,096	34,748,096
Other bank balances	7,500,000	7,500,000	118,069,024	118,069,024
Total financial assets at amortised cost	447,193,620	447,193,620	380,904,395	380,904,395
Trade payables	131,951,804	131,951,804	200,034,573	200,034,573
Other financial liabilities	1,573,971	1,573,971	1,270,000	1,270,000
Total financial assets at amortised cost	133,525,775	133,525,775	201,304,573	201,304,573

(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.

I. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating or financing activities.

Unhedged Foreign Currency Exposure

Particulars	Currency	Mar'19			Mar'18		
		Amount in Foreign Currency	Ex. Rate	Rs.	Amount in Foreign Currency	Ex. Rate	Rs.
Trade Payable	US Dollar	54,861	69.15	3,793,666	24,545	65.04	1,596,533
Trade Payable	Euro	2,729	77.60	211,755	7,020	80.62	565,968
Trade Payable	Korean Won	20,663,583	0.06	1,258,206	21,936,516	0.06	1,340,102
Trade Payable	Canadian Dollar	17,862	51.91	927,242	328,310	50.36	16,533,218
Trade receivable	US Dollar	15,947	69.15	1,102,735	-	65.04	-
Trade receivable	Euro	137,896	77.60	10,700,698	139,883	80.62	11,277,712
Trade receivable	Canadian Dollar	-	-	-	289,013	50.36	14,554,285
Cash	Korean Won	204,000	0.06	12,422	204,000	0.06	12,462
Cash	US Dollar	-	-	-	171	65.04	11,123
Cash	Euro	18	77.60	1,425	198	80.62	15,992

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

35. Transfer pricing

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".

36. Capital and other commitments

At March 31, 2019, the Company has Rs. 2,483,500 commitments (March 31, 2018: NIL) for contracts remaining to be executed on capital account.

37. a. Disaggregated revenue information

Particulars	For the Year ended March 31, 2019 Rs.	For the Year ended March 31, 2018 Rs.
Segment		
Types of Goods or Services		
Water Pump	842,185,344	846,687,829
Oil Pump	69,015,001	47,319,179
Engineering Services	2,613,545	1,217,260
Total revenue from contracts with customers	913,813,890	895,224,268
India	850,909,940	849,195,011
Outside India	62,903,950	46,029,257
Total revenue from contracts with customers	913,813,890	895,224,268
Timing of revenue recognition		
Goods transferred at a point in time	913,813,890	895,224,268
Total revenue from contracts with customers	913,813,890	895,224,268

b. Contract balances

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables	169,547,119	217,472,327

c. Right of return assets and refund liabilities

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
RM Indexation and Giveback benefits	209,144	-12,011,787

Rico Fluidtronics Limited (Formerly known as Magna Rico Powertrain Pvt. Ltd.)
Notes to financial statements for the year ended March 31, 2019

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, 2019	For the Year ended March 31, 2018
Revenue as per contracted price	913,604,746	907,236,055
Adjustments:		
RM Indexation and Giveback benefits	209,144	-12,011,787
Revenue from contract with customers	913,813,890	895,224,268

38. In accordance with the circular RBI/2014-15/129, (A.P. DIR Series) Circular No. 4 issued by Reserve Bank of India dated July 15, 2014, Magna Powertrain GMBH, a person resident outside India, has transferred 2,06,20,000 and 5,00,000 equity shares to Rasa Autocom Limited and Rico Auto Industries respectively, persons resident in India at a mutually negotiated price. At time of transfer, the fair market value of the shares as determined in accordance with the principles of discounted cash flow method, being the internationally accepted pricing methodology, was at Rs 12.80 per share, as per the valuation certificate of Price Waterhouse & Co. LLP.
39. Previous period figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration No. 301003E/E300005
Chartered Accountants

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

per Tanmoy Dasmahapatra
Partner
Membership No.: 058259

Om Prakash Aggarwal
Director

Naresh Kumar Sethi
Director

Place: Gurugram
Date: May 28, 2019

Deepak Sharma
Company Secretary

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 2019, 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 (financial position) of the Company as at 31 March 2019, and its profit (financial performance 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. 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

Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2019 (Cont'd)

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

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

5. 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 state of affairs (financial position), profit or loss (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 are 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 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.

Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2019 (Cont'd)

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

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, 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, 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 purpose 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 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 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 28 May 2019 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(s) which would impact its financial position as at 31 March 2019;

Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2019 (Cont'd)

- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
- 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 2019; 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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: 28 May 2019

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 March 31, 2019

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 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 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 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) Undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, goods and service 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) 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 bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year. Accordingly, the provisions of clause 3(viii) of order are not applicable.

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 March 31, 2019 (Cont'd)

- (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 loan 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) Based on management representation, 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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: 28 May 2019

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 March 31, 2019

Annexure B

Independent Auditor's Report on the Internal Financial Controls 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 March 31, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in 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

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with 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 IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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 March 31, 2019

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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 over financial reporting and such controls were operating effectively as at March 31, 2019, based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: 28 May 2019

RASA Autocom Limited
Balance Sheet as at March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
(a) Property, plant and equipment	5	277,312,063	291,003,196
(b) Capital work-in-progress	5	1,393,139	9,079,668
(c) Financial assets			
(i) Investments	6	84,727,389	-
(ii) Loans	7	107,746,813	1,617,660
(d) Deferred tax assets (net)	29	35,915,005	32,368,566
(e) Other non-current assets	9	4,781,931	9,834,921
Total non-current assets		511,876,339	343,904,011
Current assets			
(a) Inventories	10	14,195,240	11,648,785
(b) Financial assets			
(i) Trade receivable	11	4,096,800	47,307,789
(ii) Cash and cash equivalents	12	1,408,689	731,281
(iii) Bank balances other than (iii) above	13	1,159,167	1,077,648
(iv) Loans	7	275,327	38,350,001
(v) Other financial assets	8	1,419,933	334,507
(c) Other current assets	9	3,672,902	83,001,857
Total current assets		26,228,058	182,451,868
Total assets		538,104,397	526,355,879
Equity and liabilities			
Equity			
(a) Equity share capital	14	410,000,000	410,000,000
(b) Other equity	15	(210,402,120)	(226,140,313)
Total equity		199,597,880	183,859,687
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	288,721,799	260,286,296
(b) Provisions	17	2,567,031	2,849,745
(c) Other non-current liabilities	18	492,173	92,354
Total non-current liabilities		291,781,003	263,228,395
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	19	155,738	200,866
b) Total outstanding dues of creditors other than micro and small enterprises	19	15,190,896	67,481,664
(ii) Other financial liabilities	20	1,621,119	3,302,557
(b) Other current liabilities	18	29,691,231	8,209,377
(c) Provisions	17	66,529	73,333
Total current liabilities		46,725,513	79,267,797
Total equity and liabilities		538,104,397	526,355,879
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 Chandio & Co LLP**
Chartered Accountants
Firm registration No. 001076N/N500013

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

Ashish Gupta
Partner
Membership No.: 504662

Om Prakash Aggarwal
Director
DIN: 01537211

Sandeep Rajpal
Director
DIN: 07230059

Place: Gurugram
Date: May 28, 2019

Parveen Kumar
Chief Financial Officer

Kartik Subrahonian Iyer
Company Secretary

RASA Autocom Limited
Statement of profit and loss for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue			
Revenue from operations (gross)	21	523,950,748	327,433,527
Other income	22	<u>8,236,214</u>	<u>4,184,340</u>
Total revenue		<u>532,186,962</u>	<u>331,617,867</u>
Expenses			
(a) Cost of material consumed	23	342,846,841	154,118,049
(b) Changes in inventories of finished goods and work in progress	24	(2,715,291)	355,449
(c) Excise duty		-	2,471,683
(d) Other manufacturing expenses	25	88,168,163	70,632,422
(e) Employee benefits expense	26	18,932,727	17,045,582
(f) Finance costs	27	28,870,158	21,665,989
(g) Depreciation and amortisation expense	5	27,607,116	26,574,966
(h) Other expenses	28	<u>15,654,817</u>	<u>19,883,931</u>
Total expenses		<u>519,364,531</u>	<u>312,748,071</u>
Profit before exceptional items and tax		12,822,431	18,869,796
Exceptional items		-	-
Profit before tax		<u>12,822,431</u>	<u>18,869,796</u>
Tax expense	29		
Current tax		1,180,872	1,026,592
Deferred tax expense/(credit)		<u>(3,688,114)</u>	<u>(8,499,075)</u>
Total tax expense		<u>(2,507,242)</u>	<u>(7,472,483)</u>
Profit for the year		<u>15,329,673</u>	<u>26,342,279</u>
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan obligation		550,195	(677,332)
Income tax		<u>(141,675)</u>	<u>174,413</u>
Other comprehensive loss for the year		<u>408,520</u>	<u>(502,919)</u>
Total comprehensive income for the year		<u>15,738,193</u>	<u>25,839,360</u>
Earnings per share			
Basic and diluted (nominal value per share ₹ 10)	30	0.37	0.64

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

Ashish Gupta
Partner
Membership No.: 504662

Om Prakash Aggarwal
Director
DIN: 01537211

Sandeep Rajpal
Director
DIN: 07230059

Place: Gurugram
Date: May 28, 2019

Parveen Kumar
Chief Financial Officer

Kartik Subrahonian Iyer
Company Secretary

RASA Autocom Limited
Cash flow statement for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities		
Net profit before tax	12,822,431	18,869,796
Adjustments for:		
Depreciation	27,607,116	26,574,966
Loss on sale of property, plant and equipment	13,591	-
Finance costs	28,870,158	21,665,989
Interest income	(4,591,204)	(3,527,450)
Operating profit before working capital changes	64,722,092	63,583,301
Movement in working capital		
(Increase)/decrease in inventories	(2,546,455)	(1,103,714)
(Increase)/ decrease in trade receivables	43,210,989	(37,873,628)
(Increase)/decrease in other financial assets (current and non-current)	(69,073,823)	(19,058,522)
(Increase)/decrease in other assets (current and non-current)	79,420,190	6,737,351
Increase/(decrease) in trade payables	(52,335,895)	33,333,728
Increase/ (decrease) in other financial liabilities (current and non-current)	(1,681,438)	(9,183,818)
Increase/(decrease) in other liabilities and provisions (current and non-current)	22,142,350	(24,605,121)
	83,858,009	11,829,577
Less: Direct taxes paid (net of refunds)	3,780,883	(5,010,063)
Net cash generated from operating activities	A 87,638,892	6,819,514
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress)	(6,408,299)	(9,747,388)
Proceeds from sale of property, plant and equipment	165,254	2,721,298
Investment in Rico Fluidtronics Limited (refer note 41)	(84,727,389)	-
Movement in bank deposits	(81,519)	(75,310)
Interest received	4,525,122	3,574,389
Net cash used in investing activities	B (86,526,830)	(3,527,011)
C. Cash flow from financing activities		
Proceeds from short term borrowings, (net)	-	(2,536,949)
Interest paid	(434,655)	(75,458)
Net cash generated/(used in) from financing activities	C (434,655)	(2,612,407)
Net increase / (decrease) in cash and cash equivalents	A+B+C 677,407	680,096
Cash and cash equivalents at the beginning of the year	731,281	51,185
Cash and cash equivalents at the close of the year	1,408,689	731,281

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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: May 28, 2019

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

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

Parveen Kumar **Kartik Subrahanian Iyer**
Chief Financial Officer Company Secretary

Rasa Autocom Limited**Statement of changes in equity for the year ended March 31, 2019**

(All amounts are in ₹ unless otherwise stated)

A Equity share capital

	No. of shares	Amount
Balance as at March 31, 2017	41,000,000	410,000,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2018	41,000,000	410,000,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	41,000,000	410,000,000

B Other equity

	Retained earnings	Total
Balance as at March 31, 2017	(251,979,673)	(251,979,673)
Net profit for the year	26,342,279	26,342,279
Other comprehensive income for the year (net of taxes)	(502,919)	(502,919)
Total comprehensive income for the year	25,839,360	25,839,360
Balance as at March 31, 2018	(226,140,313)	(226,140,313)
Net profit for the year	15,329,673	15,329,673
Other comprehensive income for the year (net of taxes)	408,520	408,520
Total comprehensive income for the year	15,738,193	15,738,193
Balance as at March 31, 2019	(210,402,120)	(210,402,120)

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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: May 28, 2019

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

Om Prakash Aggarwal
Director
DIN: 01537211

Parveen Kumar
Chief Financial Officer

Sandeep Rajpal
Director
DIN: 07230059

Kartik Subrahanian Iyer
Company Secretary

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (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 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT 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 standards, if applicable, when they become effective.

i) Ind AS 116

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 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. 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 to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company plans to adopt the new standard on the effective date using modified retrospective method. The Company is in the process of performing a detailed assessment of Ind AS 116 to determine the impact in its financial statement.

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

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

affecting deferred tax assets and liabilities arising out of business combinations. The Company is evaluating the requirements of the amendments and its impact if any, on the financial statements.

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.

3.2 Significant accounting policies

i) Revenue recognition

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

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.

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

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.

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

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

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

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

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

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.

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.

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

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.

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.

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

x) Employee benefits:

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

a. Provident fund and Employee State Insurance scheme

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

b. Gratuity

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

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.

xi) 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.

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

Exchange differences arising on long term foreign currency monetary items outstanding as of March 31, 2019 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.

xii) 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). 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.

xiii) Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

Company as a lessor

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

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

xiv) Provisions and contingencies

The Company creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may

but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xviii) 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.

xix) 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

RASA Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

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 amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

xx) 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.

xxi) 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;

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Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

- estimation of useful lives of property, plant and equipment;
- provision and contingent liabilities; and
- Carrying values of inventories.

RASA Autocom Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
14 Share Capital		
a) Authorised		
46,000,000 equity share of ₹ 10/- each (March 31, 2018: 46,000,000 equity shares of ₹ 10/- each)	460,000,000	460,000,000
	<u>460,000,000</u>	<u>460,000,000</u>
b) Issued, subscribed and full paid-up		
41,000,000 equity share of ₹ 10/- each fully paid up (March 31, 2018: 41,000,000 equity shares of ₹ 10/- each)	410,000,000	410,000,000
	<u>410,000,000</u>	<u>410,000,000</u>

c) Reconciliation of number of equity shares outstanding

	Year ended March 31, 2019		Year ended March 31, 2018	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	410,000,000	41,000,000	410,000,000	41,000,000
Movement during the year	-	-	-	-
Outstanding at the end of the year	<u>410,000,000</u>	<u>41,000,000</u>	<u>410,000,000</u>	<u>41,000,000</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, 2019		As at March 31, 2018	
	% of holding	No of shares	% of	No of shares
Rico Investment Limited & its nominees	100%	41,000,000	100%	41,000,000

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, 2019
(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
6 Investment		
Non-current		
Investment in equity instruments		
Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited)	84,727,389	-
20,720,000(March 31, 2018: Nil) equity shares of ₹ 10/- each		
	<u>84,727,389</u>	<u>-</u>
7 Loans		
(Unsecured, considered good)		
Non-current		
Loans to related parties (refer note 37)	102,508,554	-
Security deposits	5,238,259	1,617,660
	<u>107,746,813</u>	<u>1,617,660</u>
Current		
Loans to related parties (refer note 37)	-	37,694,769
Security deposits	-	655,232
Loans to employees	275,327	-
	<u>275,327</u>	<u>38,350,001</u>
8 Other financial assets		
(Unsecured, considered good)		
Current		
Interest receivable	87,752	21,670
Others	1,332,181	312,837
	<u>1,419,933</u>	<u>334,507</u>
9 Other assets		
(Unsecured, considered good)		
Non-current		
Advance income tax	4,599,961	9,561,716
Prepaid expenses	181,970	273,205
	<u>4,781,931</u>	<u>9,834,921</u>
Current		
Advance to suppliers	2,912,038	82,455,402
Prepaid expenses	760,864	546,455
	<u>3,672,902</u>	<u>83,001,857</u>
10 Inventories		
(valued at lower of cost or net realisable value)		
Raw material and components	3,611,786	4,884,793
Work-in-progress	4,137,012	1,433,218
Finished goods	12,731	1,234
Stores and spares	6,433,710	5,329,540
	<u>14,195,240</u>	<u>11,648,785</u>
11 Trade receivables		
Unsecured, considered good	4,096,800	47,307,789
	<u>4,096,800</u>	<u>47,307,789</u>
12 Cash and cash equivalents		
Cash on hand	73,840	19,047
Balances with banks:		
In current accounts	1,334,849	712,234
	<u>1,408,689</u>	<u>731,281</u>
13 Bank balances other than cash and cash equivalents		
Bank deposits with maturity of more than 3 months and less than 12 months*	1,159,167	1,077,648
	<u>1,159,167</u>	<u>1,077,648</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, 2019

(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
15 Other equity		
Retained earning	(210,402,120)	(226,140,313)
	<u>(210,402,120)</u>	<u>(226,140,313)</u>
Deficit in statement of profit and loss		
Opening balance	(226,140,313)	(251,979,673)
Add : Profit transferred from statement of profit and loss	15,329,673	26,342,279
Less : Other comprehensive income for the year (net of taxes)	408,520	(502,919)
Closing balance	<u>(210,402,120)</u>	<u>(226,140,313)</u>
16 Borrowings		
Non-current		
Unsecured*		
Loan from ultimate holding company (refer note 37)	288,721,799	260,286,296
	<u>288,721,799</u>	<u>260,286,296</u>
* Unsecured loan		
Party name		
Rico Auto Industries Limited- ultimate holding company	<u>288,721,799</u>	<u>260,286,296</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 8.75% p.a.)		
17 Provisions		
Non-current		
Provision for gratuity (refer note 35)	1,938,226	2,206,464
Provision for compensated absences	628,805	643,281
	<u>2,567,031</u>	<u>2,849,745</u>
Current		
Provision for gratuity (refer note 35)	38,102	43,579
Provision for compensated absences	28,427	29,754
	<u>66,529</u>	<u>73,333</u>
18 Other liabilities		
Non-current		
Security deposits	492,173	92,354
	<u>492,173</u>	<u>92,354</u>
Current		
Statutory liabilities	3,563,916	8,082,939
Advance from customers	26,127,315	126,438
	<u>29,691,231</u>	<u>8,209,377</u>
19 Trade payables		
Payable to micro enterprises and small enterprises (refer note 34)	155,738	200,866
Other payables	15,123,278	62,835,063
Due to related parties (refer note 37)	67,618	4,646,601
	<u>15,346,634</u>	<u>67,682,530</u>
20 Other financial liabilities		
Current		
Payable for capital purchases	68,000	1,712,971
Employee benefits payable	1,553,119	1,589,586
	<u>1,621,119</u>	<u>3,302,557</u>

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RASA Autocom Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
21 Revenue from operations		
Sales of products	521,260,064	219,036,296
Sale of services		
Job work income	-	107,066,443
Other operating revenues		
Scrap sales	2,163,636	1,187,615
Others	527,049	143,173
	<u>523,950,748</u>	<u>327,433,527</u>
22 Other income		
Interest income	4,591,204	3,527,450
Exchange rate fluctuation (net)	6,473	13,081
Rental income from operating lease	1,844,160	614,720
Miscellaneous income	1,794,377	29,089
	<u>8,236,214</u>	<u>4,184,340</u>
23 Cost of raw materials and components consumed		
Raw materials and components		
Opening Stock	4,884,793	8,814,971
Add : Purchase during the year	341,573,834	150,187,871
Less : Closing stock	3,611,786	4,884,793
Raw material and components consumed	<u>342,846,841</u>	<u>154,118,049</u>
24 Change in inventories of finished goods and work in progress		
(a) Work-in-process		
Opening stock	1,433,218	1,789,901
Closing stock	4,137,012	1,433,218
	<u>(2,703,794)</u>	<u>356,683</u>
(b) Finished goods		
Opening stock	1,234	-
Closing stock	12,731	1,234
	<u>(11,497)</u>	<u>(1,234)</u>
	<u>(2,715,291)</u>	<u>355,449</u>
25 Other manufacturing expenses		
Consumption of stores and spares	18,158,152	13,050,022
Power and fuel	46,867,491	38,739,944
Sub contracting expenses	23,142,520	18,842,456
	<u>88,168,163</u>	<u>70,632,422</u>
26 Employee benefit expenses		
Salaries, wages and bonus	15,962,539	13,701,375
Contribution to provident & other funds (refer note 35)	1,681,868	1,594,774
Staff welfare expenses	1,288,320	1,749,433
	<u>18,932,727</u>	<u>17,045,582</u>
27 Finance costs		
Interest expense on borrowing	28,815,885	21,592,265
Other borrowing costs	54,273	73,724
	<u>28,870,158</u>	<u>21,665,989</u>
28 Other expenses		
Rent (refer note 36)	1,680,000	1,053,527
Repairs		
To buildings	548,823	647,874
To machinery	2,519,018	2,585,932
To others	2,516,782	1,458,362
Insurance	815,718	896,860
Rates & taxes	323,174	343,352
Travelling & conveyance	205,369	586,398
Legal and professional*	2,773,100	1,595,750
Vehicle running and maintenance expenses	414,000	393,000
Freight outwards	-	172,250
Line rejection and re-work charges	277,977	1,100,000
Miscellaneous expenses	3,580,856	9,050,626
	<u>15,654,817</u>	<u>19,883,931</u>
*Includes payments to auditors on account of:		
Audit services	300,000	300,000
Reimbursement of expenses	23,480	29,975

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(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 Group to income tax expense reported in Statement of profit and loss is as follows:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Amount	%	Amount	%
Profit before income tax expense	12,822,431		18,869,796	
Income tax using the Company's domestic tax rate	3,567,200	27.82%	5,199,101	27.55%
Tax effect of carry forward losses (on which deferred tax asset was not created in past)	(6,498,507)	(50.68%)	(12,055,013)	(63.89%)
Others	565,740	4.41%	(616,571)	(3.27%)
Income tax expenses recognised in the statement of profit and loss	(2,365,567)	(18.45%)	(7,472,483)	(39.60%)

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, 2019				
Deferred tax assets				
Carry forward of losses	30,802,213	2,899,928	-	33,702,141
Minimum alternative tax credit entitlement	1,382,031	1,180,872	-	2,562,903
Employee benefits	512,428	294,284	(141,675)	665,038
	32,696,672	4,375,084	(141,675)	36,930,081
Deferred tax liability				
Depreciation	222,893	464,650	-	687,543
Others	105,213	222,320	-	327,533
	328,106	686,970	-	1,015,076
	32,368,566	3,688,114	(141,675)	35,915,005
For the period ended March 31, 2018				
Deferred tax assets				
Carry forward of losses	23,329,730	7,472,483	-	30,802,213
Minimum alternative tax credit entitlement	355,439	1,026,592	-	1,382,031
Employee benefits	627,877	(289,862)	174,413	512,428
	24,313,046	8,209,213	174,413	32,696,672
Deferred tax liability				
Depreciation	500,960	(278,067)	-	222,893
Others	117,008	(11,795)	-	105,213
	617,161	(289,862)	-	328,106
	23,695,885	8,499,075	174,413	32,368,566

30 Earning per share

Profit after tax (A)	15,329,673	26,342,279
Weighted average number of equity shares (basic/diluted)(B)	41,000,000	41,000,000
Nominal value of equity share (₹)	10	10
Earnings per share - basic/diluted (A/B) (₹)	0.37	0.64

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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, 2019 Amortised cost*	As at March 31, 2018 Amortised cost*
Financial assets		
Non-current		
Loans	107,746,813	1,617,660
Current		
Trade Receivables	4,096,800	47,307,789
Cash and cash equivalents	1,408,689	731,281
Bank balances other than cash and cash equivalents	1,159,167	1,077,648
Loans	275,327	38,350,001
Other financial assets	1,419,933	334,507
	116,106,729	89,418,886
Financial liabilities		
Non-current		
Borrowings	288,721,799	260,286,296
Current		
Trade payables	15,346,634	67,682,530
Other financial liabilities	1,621,119	3,302,557
	305,689,552	331,271,383

*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, 2019 and March 31, 2018 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, 2019	As at March 31, 2018
Total debts*	288,721,799	260,286,296
Total equity#	199,597,880	183,859,687
Debt equity ratio	1.45	1.42

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

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 reporting dates.

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, 2019	As at March 31, 2018
Trade payable (USD exposure, amounts in ₹)	682,854	352,811
Impact on profit and loss account on account of change in currency		
Sensitivity to increase of 1%	(6,829)	(3,528)
Sensitivity to decrease of 1%	6,829	3,528

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

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, 2019	As at March 31, 2018
Cash and cash equivalents	1,408,689	731,281
Bank balances other than cash and cash equivalents	1,159,167	1,077,648
Trade receivables	4,096,800	47,307,789
Loans	108,022,140	39,967,661
Other financial assets	1,419,933	334,507

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, 2019 and March 31, 2018 is insignificant. Top two customers for the year ended March 31, 2019 constitute 99.54% of net trade receivables. (March 31, 2018: 96.16%)

Loans and other financial assets measured at amortised cost

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

Given below is the ageing of trade receivable:

Trade receivables

	As at March 31, 2019	As at March 31, 2018
Outstanding for more than six months	-	-
Others*	4,096,800	47,307,789
	<u>4,096,800</u>	<u>47,307,789</u>

* There are no overdue trade receivables

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, 2019				
Borrowings (including short term and current maturities)	-	104,936,000	183,785,799	288,721,799
Trade payable (including payable for capital goods)	15,414,634	-	-	15,414,634
Employee benefit payable	1,553,119	-	-	1,553,119
	<u>16,967,753</u>	<u>104,936,000</u>	<u>183,785,799</u>	<u>305,689,552</u>
As at March 31, 2018				
Borrowings (including short term and current maturities)	-	74,154,398	186,131,898	260,286,296
Trade payable (including payable for capital goods)	69,395,501	-	-	69,395,501
Employee benefit payable	1,589,586	-	-	1,589,586
	<u>70,985,087</u>	<u>74,154,398</u>	<u>186,131,898</u>	<u>331,271,383</u>

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(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	Additions	Disposals	As at	As at	Charge for the	Adjustment	As at	As at	As at
	April 01, 2018	during the year	during the year	March 31, 2019	April 01, 2018	year	upon deletion	March 31, 2019	March 31, 2019	March 31, 2018
Freehold land	42,483,200	3,631,900	-	46,115,100	-	-	-	-	46,115,100	42,483,200
Buildings	104,946,040	-	-	104,946,040	7,009,414	3,504,708	-	10,514,122	94,431,918	97,936,626
Furniture and fixtures	141,314	5,213,910	-	5,355,224	69,831	135,153	-	204,984	5,150,240	71,483
Plant and equipment	193,637,055	3,261,263	191,079	196,707,239	44,605,340	23,309,177	12,234	67,902,283	128,804,956	149,031,715
Dies and moulds	466,591	-	-	466,591	-	-	-	-	466,591	466,591
Vehicles	835,123	1,083,633	-	1,918,756	200,816	416,837	-	617,653	1,301,103	634,307
Office equipment	517,925	904,123	-	1,422,048	138,651	241,242	-	379,893	1,042,155	379,274
Total Property, plant and equipment	343,027,248	14,094,828	191,079	356,930,997	52,024,052	27,607,117	12,234	79,618,934	277,312,063	291,003,196

B Capital Work in progress

Amount

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

1,393,139

Capital work-in-progress as at March 31, 2018

9,079,668

Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts in ₹ unless otherwise stated)

34) Dues to micro, small and medium enterprises

	As at March 31, 2019		As at March 31, 2018	
	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;	155,738	-	200,866	-
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) Employment benefits

A. Defined benefit plan

a. Provident fund and other funds*:

	Year ended March 31, 2019	Year ended March 31, 2018
Employer's contribution to provident fund	732,315	660,896
Employer's contribution to ESI	179,060	203,961

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

b. Defined benefit plan- Gratuity

B1: Change in defined benefit obligation

	Year Ended March 31, 2019	Year Ended March 31, 2018
Present value of obligation as at beginning of the year	2,250,043	1,322,514
Current service cost	194,571	202,242
Interest cost	173,478	99,982
Benefits paid	(91,569)	(52,027)
Actuarial gain/loss on obligation	(5,50,195)	677,332
Present value of obligation as at end of the year	19,76,328	2,250,043

B2: Amounts to be recognised in the Balance Sheet

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the end of the period	1,976,328	2,250,043
Net liability recognised in Balance Sheet		
- Non current	1,938,226	2,206,464
- Current	38,102	43,579

Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts in ₹ unless otherwise stated)

B3 Expense recognised during the year

	Year ended March 31, 2019	Year ended March 31, 2018
In Income statement		
Current service cost	194,571	202,242
Interest cost	173,478	99,982
Net cost	368,049	302,224
In Other comprehensive income		
-- Change in financial assumptions	9,913	(33,776)
-- experience variance (i.e. actual experience vs assumptions)	(560,108)	711,108
Net cost	550,195	(677,332)

B4 Actuarial assumptions:

	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.66%	7.71%
Rate of increase in compensation levels	5.50%	5.50%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
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

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, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	(96,134)	103,452	(107,534)	115,475
Impact of change in salary (+/- 0.5%)	105,134	(98,482)	117,405	(110,209)
Impact of change on attrition rate (+/- 0.5%)	15,644	(16,682)	18,252	(19,374)

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, 2019	Year ended March 31, 2018
Discount rate	7.66%	7.71%
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%

36) The Company's operating lease payments pertains to premises and equipment taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to ₹ 1,680,000/- (March 31, 2018: ₹ 1,053,527) for the year, has been charged to the statement of profit and loss.

Rasa Autocom Limited**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019****(All amounts in ₹ unless otherwise stated)****37) 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 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

Kapsons Associates Investments Private Limited

Key Management Personnel (KMP)

Om Prakash Aggarwal – Director

Sandeep Rajpal – Director

Rajender Dharna – Director

Arun Gupta – Director

Sandeep Kumar Riat - Director

Vaibhav Agnihotri – Manager

Vikas Bansal – Chief Financial Officer (till November 30, 2018)

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

Kartik Subrahanian Iyer – Company Secretary (from March 13, 2019)

b) **Transactions with related parties**

	Particulars	For the year ended	
		March 31,2019	March 31,2018
1	Rico Auto Industries Limited		
	Good purchased	92,239,780	493,036
	Good sold	659,153,162	250,819,220
	Assets purchased	-	941,640
	Job work income	-	118,803,934
	Interest paid on loan	28,435,503	21,590,531
	Advance taken during the year	26,000,000	-
	Rent received	2,176,109	725,370
	Recovery of expenses	8,285,557	6,070,061
	Recovery of expenses by RAIL	237,276	250,975
2	Rico Castings Limited		
	Advance paid	-	80,000,000
	Recovery of Advance paid	13,000,000	-
	Interest income during the year	73,425	-
3	Rico Jinfei Wheels Limited		
	Good purchased	6,564,279	10,462,020
	Good sold	-	5,542,579
	Asset sold	-	3,199,526
	Job work expenses	1,158,400	2,092,526
	Reimbursement of other expenses	-	40,144

Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts in ₹ unless otherwise stated)

	Particulars	For the year ended	
		March 31,2019	March 31,2018
4	Kapbros Engineering Industries Limited		
	Job work expenses	-	1,073,550
	Good purchased	-	1,676,499
	Recovery of expenses	18,434,782	170,869
	Assets purchased	116,983	-
5	Kapsons Associates Investments Private Limited		
	Loan paid during the year	-	15,700,000
	Interest income during the year	3,643,500	3,327,522
6	Remuneration to Key Management Personnel		
	Vaibhav Agnihotri – Manager	2,386,948	738,262
	Vikas Bansal – Chief Financial Officer	390,764	510,004

c) **Balances with related parties:**

Particulars		As at March 31, 2019	As at March 31, 2018
1	Rico Auto Industries Limited		
	Balance payable	23,529,254	-
	Balance receivable	-	43,213,029
	Loan outstanding	288,721,799	260,286,296
2	Rico Castings Limited		
	Advance given recoverable	-	80,000,000
	Loans (Advance converted to Loan)	67,000,000	-
	Interest income (receivable) net of TDS	66,082	-
3	Rico Jinfei Wheels Limited		
	Balance payable	72,152	1,730,805
4	Kapbros Engineering Industries Limited		
	Balance receivable	1,630,587	113,619
5	Kapsons Associates Investments Private Limited		
	Loans	35,508,554	37,694,769

38) 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.

39) 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 Company is in the process of updating the transfer pricing study for the current financial period. However, in the opinion of the management the same would not have a material impact on these financial statements.

40) Transition impact of IND AS 115

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with effect from 1st April 2018 resulting in a change in the revenue recognition policy of the Company in relation to its contracts with customers (refer to note 3.2(i) for new accounting policy). Ind AS 115 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance. It established a new five-step model that will apply to revenue arising from contracts with customers.

The Company has opted for the modified retrospective application permitted by Ind AS 115 upon adoption of new standard. Accordingly, the standard has been applied for the year ended March 31, 2019. Modified retrospective application also requires the recognition of cumulative impact of adoption of Ind AS 115 on all contracts as at April 01, 2018 ('transition date') in equity. However, the impact on such transition date is Nil.

Rasa Autocom Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts in ₹ unless otherwise stated)

41) Event after Balance sheet date

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

42) Reconciliation of liabilities from financing activities

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 statement; accordingly, the reconciliation is not disclosed.

43) Revenue of the Company for the period ended March 31, 2019 is net of Goods and Service Tax (GST), which is applicable to the company from July 01, 2017, however, revenue for the period up to June 30, 2017 is net of Value added taxes but gross of excise duty. Accordingly, revenue for the period ended March 31, 2019 is not comparable with the previous year presented in these financial statements.

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

45) The financial statement for the year ended March 31, 2019 were authorized and approved for issue by the board of directors on May 28, 2019.

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

Ashish Gupta
Partner
Membership No.: 504662

Om Prakash Aggarwal
Director
DIN: 01537211

Sandeep Rajpal
Director
DIN: 07230059

Place: Gurugram
Date: May 28, 2019

Parveen Kumar
Chief Financial Officer

Kartik Subrahanian Iyer
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 the statement of comprises the Balance Sheet as at March 31, 2019, 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, 2019, its profit including other comprehensive income, the cash flows and its changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of 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

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the *Director’s Report*, but does not include the standalone financial statements and our auditor’s report thereon.

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 are 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 (Indians Accounting standards) Rule 2015, as amended.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 Budhraj Adlakha & Co.
Chartered Accountants
Firm's Registration No.: 005154N**

**Rahool Adlakha
Partner
Membership No.: 083788**

Place: New Delhi

Date: 28th May 2019

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

Place: New Delhi

Date: 28th May 2019

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, 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) 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.
- v) The company has not accepted any deposits during the year.
- 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, Excise, VAT, 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, 2019 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 faire 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) 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 by the management 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

Place: New Delhi

Date: 28th May 2019

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 31 March 2019 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 2019, 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**

Place: New Delhi

Date: 28th May 2019

Rico Aluminium and Ferrous Auto Components Limited

Balance Sheet as at March 31, 2019

[Rupees in Lakhs]

Particulars	Notes No.	As at March 31,2019	As at March 31,2018
ASSETS			
Non-current assets			
Property, plant and equipments	5	4,587.57	4,582.91
Capital work-in-progress	5	184.89	2.32
Intangible assets	6	39.78	39.78
Financial Assets			
- Loans	7	1,325.05	1,325.05
Other non-current assets	13	9.80	65.79
Total non-current assets		6,147.09	6,015.85
Current assets			
Inventories	8	2,112.05	2,021.72
Financial Assets			
- Trade receivables	9	1,724.67	1,689.60
- Cash and Bank balance	10	2.78	33.52
- Loans	7	45.82	46.79
- Other financial assets	11	38.68	46.37
Current tax assets (net)	12	97.92	152.14
Other current assets	13	262.51	292.84
Total current assets		4,284.43	4,282.98
Total Assets		10,431.52	10,298.83
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	4,605.00	4,605.00
Other Equity	15	141.06	142.94
		4,746.06	4,747.94
Non-current liabilities			
Financial Liabilities			
-Borrowings	16	450.00	750.00
-Other financial liabilities	17	-	-
Provisions	18	818.36	760.94
Deferred tax liabilities (net)	19	33.39	16.61
Other non-current liabilities	20	8.59	14.52
Total non-current liabilities		1,310.34	1,542.07
Current liabilities			
Financial Liabilities			
- Borrowings	16	295.27	280.97
- Trade Payables	21	3,053.90	2,545.69
- Other financial liabilities	17	772.67	791.95
Provisions	18	33.00	21.80
Other current liabilities	20	220.28	368.41
Total current liabilities		4,375.12	4,008.82
Total Liabilities		10,431.52	10,298.83

The accompanying notes (1 to 47) 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

Director

DIN-06873155

Satish Sekhri

Chairman

DIN-00211478

Place : Gurugram

Date : May 28, 2019

Mukesh Goyal

Chief Financial Officer

Vishal Jadon

Company Secretary

Rico Aluminium and Ferrous Auto Components Limited
Statement of profit & Loss for the year ended March 31, 2019

[Rupees in Lakhs]

Particulars	Notes No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
INCOME			
Revenue from Operations (Gross)	22	25,167.06	24,640.43
Other Income	23	187.21	228.70
Total Income		25,354.27	24,869.13
EXPENSES			
Cost of Material Consumed	24	9,587.19	8,455.81
Changes in Inventories of finished goods & work-in-progress	25	(310.48)	(6.59)
Excise duty on sale of goods		-	707.14
Other Manufacturing Expenses	26	9,711.66	9,143.74
Employee benefits expenses	27	3,692.00	3,628.32
Finance costs	28	120.44	63.71
Depreciation and amortisation expenses	29	719.29	682.35
Other expenses	30	1,624.50	2,205.04
Total expenses		25,144.60	24,879.52
Profit/(loss) before exceptional items and tax		209.67	(10.39)
Exceptional Items	31	46.56	63.31
Profit/(loss) before tax		163.11	(73.70)
Tax expense			
Current Tax	32	32.29	-
MAT Credit entitlement		(32.29)	-
Previous year tax		5.24	
Deferred tax charges		48.95	(60.98)
Profit/(loss) for the year from continuing operations		108.92	(12.72)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:-			
Re-measurement gains (losses) on defined benefit plans		0.34	29.62
Income tax benefit		(0.11)	(9.15)
Net other comprehensive income not to be reclassified to profit or loss		0.23	20.47
Total Comprehensive income for the year, net of tax		109.15	7.75
Earnings per equity share (Nominal value of Rs. 10/each)			
Basic	33	0.24	(0.03)
Diluted		0.24	(0.03)

The accompanying notes (1 to 47) 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
Director
DIN-06873155

Satish Sekhri
Chairman
DIN-00211478

Place : Gurugram
Date : May 28, 2019

Mukesh Goyal
Chief Financial Officer

Vishal Jadon
Company Secretary

Rico Aluminium and Ferrous Auto Components Limited

Statement of Changes in equity for the year ended March 31, 2019

[Rupees in Lakhs]

a. Equity Share Capital	Amount
Balance at April 1, 2018	4,605.00
Changes in equity share capital during the year	-
Balance at 31st March, 2019	4,605.00

b. Other Equity	Reserve & Surplus		Items of other comprehensive income	
	General Reserve	Retained Earnings	Debt instrument through other comprehensive income	Total
Balance at April 1, 2018	-	142.94	-	142.94
Profit for the year	-	108.92	-	108.92
Other comprehensive income for the year, net of tax	-	0.23	-	0.23
Total comprehensive income for the year	-	252.09	-	252.09
Payment of Interim Dividend	-	(92.10)	-	(92.10)
Tax on Dividend	-	(18.93)	-	(18.93)
Balance at March 31, 2019	-	141.06	-	141.06

The accompanying notes (1 to 47) 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
 Director
 DIN-06873155

Satish Sekhri
 Chairman
 DIN-00211478

Place : Gurugram
 Date : May 28, 2019

Mukesh Goyal
 Chief Financial Officer

Vishal Jadon
 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 Company has purchased a Ferrous Undertaking situated at Gurugram and Manesar and Non-Ferrous Undertaking, situated at Sanand Gujarat from its Ultimate Holding Company Rico Auto Industries Limited, in March 2015 on a going concern basis.

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 relevant amendment rules issued thereafter.

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 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.

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 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.b 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.c Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

2.4.d 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.e 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.f 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.g Contingent liabilities

The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

3 Significant Accounting Policies

3.1 Revenue recognition

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

3.1.a Sales of goods

(a) Revenue Recognition

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.

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.

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

Depreciation methods, estimated useful lives and residual value

Depreciation on building and plant and machinery is provided on the straight-line method, computed on the basis of useful life, on a pro-rata basis from the date the asset is ready to put to use, subject to transitional provisions of Schedule II. However, for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years based on the technical estimate and history of usage.

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

Depreciation on dies and moulds is provided based on actual no of shot ascertained on a technical estimate by the management.

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

Particulars	Estimated useful life
Plant & Machinery *	20 Years
Dies & Moulds	Actual shots
Furniture & Fixture	10 Years
Office equipments	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]*

Any 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 recognised in profit or loss.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2019

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.

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

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

Lower of cost or 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.

Stores and spares having useful life of more than twelve months are capitalised under "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

3.8.b Work in progress

Work in progress is valued at lower of cost 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.

3.8.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 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.

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 is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method.

ii) Financial assets at fair value

Investments in equity instruments other than above – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. Option is not available

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from other comprehensive income to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

iii) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

3.10.B Financial liabilities

i) Borrowings and other financial liabilities

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

ii) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2019
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.

- **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

3.11.1 Operating Leases

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

3.11.2 Finance leases

Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to the Statement of Profit and Loss on accrual basis

3.12 Provisions & Contingencies

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

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

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

3.13 Cash flow Statement

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

3.14 Cash & Cash Equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.15 Cash dividend distribution to equity holders

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

3.16 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.

4 Change in accounting policies

With effect from April 1, 2018, Ind AS 115 *Revenue from Contracts with customers* supersedes Ind AS 18 Revenue and related Appendices and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The company has adopted Ind AS 115 using the modified retrospective approach cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. However, the effect on adoption of Ind AS 115 is immaterial, except additional presentation and disclosures in the financial statements.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entry expects to be entitled in exchange for transferring goods or services to a customers.

The standard requires entities exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The company is primarily engaged in the manufacturing of ferrous components for automobile and other related services. Given below are the key aspects related to Ind AS 115 adoption and its transitional impact:

(a) Sale of goods - Timing

The company's contracts with customers for the sale of products and tooling are considered as separate performance obligation. The company has concluded that revenue from sales of products and tooling should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. In most cases, this is aligned to timing revenue recognition under the erstwhile Ind AS 18.

(b) 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 contracts. The Company then applies the requirements constraining estimates of variable consideration and recognises a refund liability for the expected future benefits.

(c) Presentation and disclosure requirements

As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount timing and uncertainty of revenue and cash flows are affected by economic factors.

Overall, final impact if the Company would have continued to apply the erstwhile Ind AS 18 - *Revenue* instead of Ind AS 115 - *Revenue from Contract with Customers* would have been immaterial on the financials statements of the Company for the year ended and as of March 31, 2019.

Rico Aluminium and Ferrous Auto Components Limited
Cash flow Statement for the year ended March 31, 2019

[Rupees in Lakhs]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flow From Operating Activities		
Profit before tax	163.11	(73.70)
Extraordinary Items	46.56	63.31
Adjustments for :		
Depreciation and amortisation expenses	719.29	682.35
Finance Costs	120.44	63.71
Interest Income	(146.93)	(165.85)
Re-measurement loss/(gain) on defined benefit plans	0.34	29.62
Net loss/(gain) on sale/discarding of property, plant and equipment	(5.25)	(20.47)
Net gain on sale of investments in debt mutual funds	-	(0.46)
Operating profit before working capital changes	897.56	578.51
Adjustments for:		
- (Increase)/decrease in loans (non-current)	-	(20.42)
- (Increase)/decrease in other non-current assets	55.99	(51.62)
- (Increase)/decrease in inventories	(90.33)	(307.78)
- (Increase)/decrease in trade receivables	(35.07)	(1,664.84)
- (Increase)/decrease in loans (current)	0.97	991.99
- (Increase)/decrease in other financial assets (current)	7.69	(5.76)
- (Increase)/decrease in other current assets	30.32	722.68
- Increase/(decrease) in other non current liabilities	(5.93)	-
- Increase/(decrease) in other financial liabilities (Non-current)	-	2.17
- Increase/(decrease) in non-current provisions	57.41	39.11
- Increase/(decrease) in trade payables	508.21	(1,373.31)
- Increase/(decrease) in other financial liabilities (current)	(19.28)	282.06
- Increase/(decrease) in current provisions	11.19	(13.66)
- Increase/(decrease) in other current liabilities	(148.12)	237.02
Cash Generated From operations	373.05	(1,162.36)
Income tax paid (net)	16.70	-
Cash Generated From operations before extraordinary Items	389.75	(1,162.36)
Extraordinary Items	(46.56)	(63.31)
Net Cash from/(used in) Operating Activities (A)	1,240.75	(647.16)
Cash Flow From Investing Activities		
Payments for purchase of property, plant and equipment and capital work in progress	(1,002.28)	(1,214.60)
Proceeds from sale of property, plant and equipment	101.03	349.86
Proceeds from sale of debt mutual funds	-	412.20
Interest received	146.93	165.85
Net Cash from/(used in) Investing Activities (B)	(754.32)	(286.69)
Cash Flow From Financing Activities		
Proceeds from long term borrowings	-	750.00
Proceeds from Short term borrowings	14.30	280.97
Repayment of long term borrowings	(300.00)	-
Finance cost paid	(120.44)	(63.71)
Payment of Interim dividend on equity shares	(92.10)	-
Related on income tax	(18.93)	-
Net Cash from/(used in) Financing Activities (C)	(517.17)	967.26
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(30.74)	33.41
Add: Cash and Cash Equivalents at the beginning of the year	33.52	0.11
Cash and Cash Equivalents at the end of the year	2.78	33.52
Components of cash and cash equivalents		
Cash on Hand	0.55	0.31
With banks -		
On Current Accounts & cheque in hand	2.23	33.21
Total cash and cash equivalents (Refer Note No.-10)	2.78	33.52

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
Director
DIN-06873155

Satish Sekhri
Chairman
DIN-00211478

Place : Gurugram
Date : May 28, 2019

Mukesh Goyal
Chief Financial Officer

Vishal Jadon
Company Secretary

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

Carrying Amount of	As at March 31, 2019	As at March 31, 2018
Leasehold Building	15.08	-
Plant and Machinery	3,933.19	4,132.90
Dies & Mould	140.57	98.45
Furniture and Fixtures	8.47	10.42
Office Equipments	11.15	15.85
Computer	3.72	6.07
Vehicles	23.64	34.54
Store & Spares	451.75	284.68
	4,587.57	4,582.91
Capital work-in-progress #	184.89	2.32
	184.89	2.32

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, 2018	-	5,224.05	129.14	17.76	23.32	15.77	53.52	297.40	5,760.96
Addition for the year	15.72	559.99	57.15	-	1.67	0.13	-	185.07	819.73
Disposal / adjustments	-	(135.96)	-	-	-	-	(0.54)	-	(136.50)
Balance at March 31, 2019	15.72	5,648.08	186.29	17.76	24.99	15.90	52.98	482.47	6,444.19

Accumulated Depreciation and Impairment

Accum. dep as at April 1, 2018	-	1,091.15	30.69	7.34	7.47	9.70	18.98	12.73	1,178.06
Depreciation expenses	0.64	663.98	15.03	1.95	6.37	2.48	10.85	18.00	719.29
Disposal / adjustments	-	(40.24)	-	-	-	-	(0.48)	-	(40.72)
Balance at March 31, 2019	0.64	1,714.89	45.72	9.29	13.84	12.18	29.35	30.73	1,856.63

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, 2018	-	4,132.90	98.45	10.42	15.85	6.07	34.54	284.68	4,582.91
Addition for the year	15.72	559.99	57.15	-	1.67	0.13	-	185.07	819.73
Disposal / adjustments	-	(135.96)	-	-	-	-	(0.54)	-	(136.50)
Depreciation charges	(0.64)	(623.74)	(15.03)	(1.95)	(6.37)	(2.48)	(10.36)	(18.01)	(678.57)
Balance at March 31, 2019	15.08	3,933.19	140.57	8.47	11.15	3.72	23.64	451.75	4,587.57

6 Intangible Assets

Particulars	As at March 31, 2019	As at March 31, 2018
- Carrying amount of goodwill	39.78	39.78
Total	39.78	39.78
Cost or deemed cost		
Particulars	Value of Goodwill	Total
Deemed cost at April 1, 2018	39.78	39.78
Addition for the year	-	-
Disposal /Impairment/Adjustments	-	-
Balance at March 31, 2019	39.78	39.78
Accumulated amortisation and Impairment		
As at April 1, 2018	-	-
Amortisation expenses	-	-
Balance at March 31, 2019	-	-
Carrying amount of		
As at April 1, 2018	39.78	39.78
Addition for the year	-	-
Amortisation Expenses for the year	-	-
Balance at March 31, 2019	39.78	39.78

7 Loans (unsecured and considered good, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Security Deposits	25.05	25.05
Other loans ¹	1,300.00	1,300.00
	1,325.05	1,325.05
Current		
Employee related loans and advances	45.82	46.79
	45.82	46.79

7.1. Other Loans includes Loan of Rs. 13 Crores, carries interest @ 10.50% p.a. and is repayable in 20 equal quarterly installments after a moratorium of four year s. The first installment shall commence from end of quarter April to June, 2020.

8 Inventories

	As at March 31, 2019	As at March 31, 2018
<i>(lower of cost and net realisable value)</i>		
Raw Material & Components	327.64	398.49
Work-in-progress	792.32	567.49
Finished Goods	85.65	-
Stores & Spares	906.44	1,055.74
	2,112.05	2,021.72

Note :

8.1. The cost of inventories recognised as an expense includes of Rs 2.60 Lacs (previous year of Rs. 1.69 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, 2019	As at March 31, 2018
Unsecured - Considered good	1,724.67	1,689.60
- considered doubtful	-	-
Provision for doubtful debts	-	-
Total	1,724.67	1,689.60

9.1 The credit period generally allowed on domestic sales varies from 30 to 60 days (excluding transit period).

	As at March 31, 2019	As at March 31, 2018
Age of receivables		
Within the credit period	911.21	387.92
Upto 6 months past due	813.46	1,301.68
More than 6 months past due	-	-
	1,724.67	1,689.60

Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2019

[Rupees in Lakhs]

10	Cash and Bank Balances	As at March 31, 2019	As at March 31, 2018
	Cash and cash equivalents:		
	Balances with Banks	2.23	2.25
	Cheques in hand	-	30.96
	Cash in hand	0.55	0.31
	Cash and cash equivalents as per cash flow statement	2.78	33.52
11	Other financial assets	As at March 31, 2019	As at March 31, 2018
	<i>(unsecured and considered good, unless otherwise stated)</i>		
	Current		
	<i>Financial assets carried at amortised cost</i>		
	Interest accrued on Loans	30.29	30.29
	Other Recoverable	8.39	16.08
		38.68	46.37
12	Current Tax Assets (net)	As at March 31, 2019	As at March 31, 2018
	Advance Tax (taxes paid)	130.21	161.29
	Provision for Tax (Tax liability)	(32.29)	(9.15)
		97.92	152.14
13	Other assets	As at March 31, 2019	As at March 31, 2018
	<i>(unsecured and considered good, unless otherwise stated)</i>		
	Non-current		
	Capital Advances	6.25	60.26
	Prepaid Expenses	3.55	5.54
		9.80	65.79
	Current		
	Advance to suppliers	21.92	50.25
	Prepaid Expenses	65.41	54.13
	Balance with Statutory/ Government Authorities on account of :		
	VAT,Sales Tax & GST	175.18	188.46
		262.51	292.84

14 Equity Share Capital	As at March 31, 2019	As at March 31, 2018
Authorised share capital:		
50000000 Equity Shares of Rs. 10 each (As at 31.03.2018 : 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 31.03.2018 : 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, 2019		As at March 31, 2018	
	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, 2019		As at March 31, 2018	
	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, 2019		As at March 31, 2018	
	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, 2019	As at March 31, 2018
General reserves	-	-
Securities premium reserves	-	-
Retained earnings	141.06	142.94
	141.06	142.94

Retained earnings

	As at March 31, 2018	As at March 31, 2018
Balance at beginning of year	142.94	135.19
Profit for the year	108.92	(12.72)
Other comprehensive income arising from remeasurement of defined benefit obligation *	0.23	20.47
Interim Dividend Paid during the year	(92.10)	-
Tax Paid on Interim Dividend	(18.93)	-
Balance at end of year	141.06	142.94

* Net of Income Tax of Rs 0.11 Lacs (Previous Year of Rs 9.15 lacs)

16 Borrowings

	As at March 31, 2019	As at March 31, 2018
Non-current		
Secured		
Term loan from Bank ¹	750.00	1,050.00
	750.00	1,050.00
The above amount includes		
Amount disclosed under the head "Current Maturities of long term debt"	(300.00)	(300.00)
	450.00	750.00
Current		
Secured		
Loans repayable on demand from bank		
- Cash Credit and Overdraft ²	295.27	280.97
	295.27	280.97

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 quartly installments. Loan is secured against entire fixed assets present and future and Letter of comfort issued by Rico Auto Industries Ltd. (Ultimate Holding Co.).

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.).

Rico Aluminium And Ferrous Auto Components Limited
Notes forming part of financial statements for the year ended March 31, 2019

[Rupees in Lakhs]

17 Other Financial Liabilities

	As at March 31, 2019	As at March 31, 2018
Non-current		
Security Deposit	-	-
	-	-
The above amount includes		
<i>Amount disclosed under the head "Current"</i>	-	-
	-	-
Current		
Security Deposit	5.23	1.21
Current maturities of long term debts (Refer from note no. 16)	300.00	300.00
Payables to capital creditors	-	21.63
Payables to employees	466.63	466.05
Interest accrued	0.81	3.06
	772.67	791.95

18 Provisions

	As at March 31, 2019	As at March 31, 2018
Non-current		
Employee benefits		
- Provision for Gratuity	665.50	610.86
- Provision for Compensated Absences	152.86	150.08
	818.36	760.94
Current		
Employee benefits		
- Provision for Gratuity	25.17	15.51
- Provision for Compensated Absences	7.83	6.29
	33.00	21.80

19 Deferred Tax Liabilities

	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment and Intangible assets	166.16	181.10
Accrued expenses allowed in the year of payment	(78.75)	(63.51)
Remeasurement of Defined Benefit Obligations	(4.97)	(5.09)
Carry forward of Losses for future years	-	(80.00)
Mat Credit Entitlement	(48.18)	(15.89)
Other	(0.87)	-
Deferred tax liabilities/(assets) (Net)	33.39	16.61

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

	Opening Balance	Recognised in Profit or Loss	Opening Balance	Recognised in Profit or Loss
For the year ended March 31, 2019				
Property, plant and equipment and Intangible assets	181.10	(14.94)	-	166.16
Financial assets carried at fair value through profit or loss	-	-	-	-
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
For the year ended March 31, 2018				
Property, plant and equipment and Intangible assets	177.96	3.14	-	181.10
Financial assets carried at fair value through profit or loss	19.04	(19.04)	-	-
Accrued expenses allowed in the year of payment	(61.68)	(1.84)	-	(63.51)
Remeasurement of Defined Benefit Obligations	(14.24)	-	9.15	(5.09)
Carry forward of Losses for future years	(36.76)	(43.24)	-	(80.00)
Mat Credit Entitlement	(15.89)	-	-	(15.89)
Others	-	-	-	-
Net deferred tax liabilities	68.44	(60.98)	9.15	16.61

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

Note: *In view of the Company's past financial performance and future profit projections, the Company expects that it shall generate sufficient future taxable income to fully recover the deferred tax assets.*

20 Other Liabilities

	As at March 31, 2019	As at March 31, 2018
Non-current		
Security Deposits	18.64	19.67
	18.64	19.67
The above amount includes		
Amount disclosed under the head "Current"	(10.05)	(5.15)
	8.59	14.52
Current		
Advance from customers	1.93	7.92
Statutory Liabilities	199.13	342.56
Security Deposits (Refer From non-current Note no 20)	10.05	5.15
Others	9.17	12.78
	220.28	368.41

21 Trade Payable

	As at March 31, 2019	As at March 31, 2018
Dues to Micro Enterprises and Small Enterprises *	120.67	90.13
Due to related parties (Refer Note No 36)	1,476.56	254.43
Other Payables	1,456.67	2,201.13
	3,053.90	2,545.69

* 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. 0.81 lacs (PY Rs. 3.06 Lacs) towards the interest in terms of the Micro, Small and Medium Enterprises Development Act, 2006.

22 Revenue from operations

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Product (Inclusive of excise duty)		
Sale of Product	24,282.21	23,047.88
	-	-
	24,282.21	23,047.88
Other operating revenues		
Sale of Scrap	53.79	214.83
Income from Services (Job work Charges)	681.40	1,326.87
Others	149.66	50.85
	884.85	1,592.55
Total Revenue	25,167.06	24,640.43

23 Other Income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest Incomes	146.93	165.85
Rental Income	34.86	41.70
Net gain on sale of property, plant and equipment	5.25	20.47
Net gain on sale of investments in debt mutual funds	-	0.46
Miscellaneous Income	0.17	0.22
	187.21	228.70

24 Raw Material & Components consumed

	Year ended March 31, 2019	Year ended March 31, 2018
Raw material at the beginning of the year	398.49	217.74
Add: Purchase during the year	9,516.34	8,636.56
Less: Raw material at the end of the year	327.64	398.49
Cost of Material Consumed	9,587.19	8,455.81

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

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of year		
Work-in-progress	567.49	560.90
Finished goods	-	-
	567.49	560.90
Inventories at the end of year		
Work-in-progress	792.32	567.49
Finished goods	85.65	-
	877.97	567.49
Net Changes in Inventories	(310.48)	(6.59)

26 Other Manufacturing Expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of Stores and Spares		
Mechanical Spares Consumed	394.12	380.97
Electrical Spares Consumed	160.04	142.42
Consumable Tools Consumed	826.01	849.19
Others Stores & Spares Consumed	981.46	921.99
Power & Fuel	5,760.19	5,382.70
Sub Contractor Expenses	1,523.36	1,448.63
Machine hire charges	66.48	17.84
	9,711.66	9,143.74

27 Employee Benefit expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and Wages	3,326.18	3,262.92
Contribution to provident and other funds	184.20	184.57
Staff Welfare expenses	181.62	180.83
	3,692.00	3,628.32

28 Finance Costs

	<u>Year ended</u> <u>March 31, 2019</u>	<u>Year ended</u> <u>March 31, 2018</u>
Bank Charges	3.11	2.37
Interest costs:		
- Term Loan	89.46	50.28
- Cash credit & Overdraft	27.03	7.87
Other Interest costs	0.84	3.19
	<u>120.44</u>	<u>63.71</u>

29 Depreciation and Amortisation Expenses

	<u>Year ended</u> <u>March 31, 2019</u>	<u>Year ended</u> <u>March 31, 2018</u>
Depreciation of property, plant and equipment	719.29	682.35
Amortisation of intangible assets	-	-
	<u>719.29</u>	<u>682.35</u>

30 Other Expenses

	<u>Year ended</u> <u>March 31, 2019</u>	<u>Year ended</u> <u>March 31, 2018</u>
Line Rejection, Re-Work Charges	0.85	41.32
Packing Material	298.01	330.52
Freight Outward Expenses	95.04	83.83
Rent	864.29	908.91
Repairs and Maintenance - Buildings	16.02	24.76
Repairs and Maintenance - Machinery	14.60	101.34
Repairs and Maintenance - Others	11.73	25.53
Insurance	129.29	117.27
Rates & Taxes	7.82	2.04
Directors Sitting Fee	4.20	5.30
Travelling & Conveyance	39.33	24.11
Professional Charges	30.06	407.72
Vehicle Expenses	33.42	37.66
Printing & Stationery	21.14	18.58
Staff Recruitment & Training	1.64	3.99
Membership & Subscription	0.04	-
Communication Expenses	6.16	7.09
Foreign Exchange Fluctuation	2.38	0.35
Testing Charges	41.86	39.83
Balance Written Off	0.03	10.84
Miscellaneous Expenses	1.59	9.05
Payment to Auditors;		
Audit Fees (incl. of Limited Reviews)	4.75	4.75
Taxation Matters	0.25	0.25
Others	-	-
	<u>1,624.50</u>	<u>2,205.04</u>

31 Exceptional Items

	<u>Year ended</u> <u>March 31, 2019</u>	<u>Year ended</u> <u>March 31, 2018</u>
Service Compensation	15.36	25.15
VRS Benefit	31.20	38.16
	<u>46.56</u>	<u>63.31</u>

32 Income Taxes

32.1 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax		
In respect of the current year	32.29	-
	32.29	-
Deferred Tax		
In respect of the current year	48.95	(60.98)
Mat Credit Entitlement (Created)	(32.29)	-
	16.66	(60.98)
Total income tax expense recognised in the current year	48.95	(60.98)

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	163.11	(73.70)
Tax at the rate of 33.063% (i.e. applicable tax rate 33.063%)	53.93	-
Exempted Income	-	-
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	16.69	3.14
Incremental deferred tax liability/ (Assets) on account of Financial Assets and other items.	32.26	(64.12)
Deferred Tax Provision	48.95	(60.98)

32.2 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	0.11	9.15
	0.11	9.15

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, 2019	For the year ended March 31, 2018
Profit for the year, as per Statement of Profit & Loss (Rs.)	108.92	(12.72)
Weighted average number of equity shares for the purposes of basic/diluted earnings per share (in Nos)	46050000	46050000
Basic Earning Per share (Rs.)	0.24	(0.03)
Diluted Earning Per share (Rs.)	0.24	(0.03)

34 Retirement and Other Employee Benefits

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

34.1 Defined contribution plans

- Employers contribution to Employee State Insurance
- Employers contribution to provident fund & other fund

During the year the Company has recognised the following amounts in the statement of profit and loss:

Particulars	March 31, 2019 (Rs.)	March 31, 2018 (Rs.)
Employers contribution to provident fund	169.94	153.37
Employers contribution to ESI	12.64	17.12

34.2 Defined benefit plans and other long term benefits

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

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, 2019		
Discount rate	7.70%	7.70%
Salary escalation rate	6.25%	6.25%
Expected rate of return on plan assets	-	-
As at March 31, 2018		
Discount rate	7.80%	7.80%
Salary escalation rate	6.25%	6.25%
Expected rate of return on plan assets	-	-

b) Components of expenses recognised in the statement of profit or loss in respect of:

	Employee Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 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
Year ended March 31, 2018		
Current Service Cost	51.19	21.01
Past Service Cost	-	-
Actuarial (gain)/ loss	-	24.27
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	44.08	11.77
Expenses recognised in profit or loss	95.27	57.05

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

	Employee Gratuity Fund	Leave encashment/ Compensated Absences
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)	-
Year ended March 31, 2018		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	(32.22)	-
- Experience variance	2.59	-
- 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	(29.63)	-

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, 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)
As at March 31, 2018		
Present value of obligation	626.37	156.37
Fair value of plan assets	-	-
Surplus / (deficit)	(626.37)	(156.37)
Effects of asset ceiling, if any	-	-
Net asset / (liability)	(626.37)	(156.37)

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

	Gratuity Fund	Leave encashment/ Compensated Absences
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
Year ended March 31, 2018		
Present value of obligation as at the beginning	596.07	159.12
Current service cost	51.19	21.01
Interest expense or cost	44.08	11.77
Remeasurement (or actuarial) (gain) / loss arising from:		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	(32.22)	(8.17)
- Experience variance	2.59	32.44
- Others	-	-
Past service cost	-	-
Benefits paid	(35.35)	(59.80)
Present value of obligation as at the end	626.37	156.37

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

	Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2019	NIL	NIL
Year ended March 31, 2018	NIL	NIL

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

	Gratuity Fund	Leave encashment/ Compensated Absences
Year ended March 31, 2019	NIL	NIL
Year ended March 31, 2018	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	Mar-19		Mar-18	
	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)	690.66		626.37	
	Mar-19		Mar-18	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.5%)	733.84	650.92	666.97	589.08
(% change compared to base due to sensitivity)	6.3%	-5.8%	6.5%	-6.0%
Salary Growth Rate (- / + 0.5%)	650.22	734.24	588.39	667.38
(% change compared to base due to sensitivity)	-5.9%	6.3%	-6.1%	6.5%
Attrition Rate (- / + 50% of attrition rates)	684.75	695.97	619.87	632.15
(% change compared to base due to sensitivity)	-0.9%	0.8%	-1.0%	0.9%
Mortality Rate (- / + 10% of mortality rates)	690.29	691.03	626.00	626.74
(% change compared to base due to sensitivity)	-0.1%	0.1%	-0.1%	0.1%

36 Related party disclosures

Names of related parties and related party relationship

i) Related parties where control exists	Description of Relationship
Rico Auto Industries Ltd	Ultimate holding company
Rico Investments Ltd.	Immediate Holding Company
Rico Jinfie Wheels Ltd	Fellow subsidiary
RASA Autocom Ltd	Fellow subsidiary
AAN Engineering Industries Ltd	Under common management
Uttrakhand Automotives Limited	Under common management
Rico Auto Industries Inc. (USA)	Under common management
Rico Auto Industries (UK) Ltd.	Under common management

ii) Key Management personnel

Details of Key Managerial personnel are as under :

Name of key persons

Mr Vishal Jadon	Company Secretary
Shri Mukesh Goyal	Chief Financial Officer
Shri Ranjeet Singh Yadav	Manager

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 :

	March 31, 2019	March 31, 2018
i). Rico Auto Industries Ltd.		
Transactions during the year		
Sale of Finished / Unfinished Goods	26,523.44	25,560.45
Job Work Income	801.18	1,576.21
Purchase of Raw Material /consumables/store	898.41	1,820.02
Purchase of Capital Goods	47.99	322.59
Sale of Capital Goods	41.47	321.15
Support service expenses	-	448.21
Rent income	41.13	48.89
Rent paid	841.04	897.88
Interest paid	-	-
Loan taken	-	0.23
Balance written off during the year	-	-
Capital advance taken	-	-
Reimbursement of Expenses (Paid)	6,344.10	5,171.01
Amount payable	1,476.56	231.45
Amount receivable	-	-
ii). AAN Engineering Industries Ltd		
Transactions during the year		
Job Work Income	-	-
Sale of Capital Goods	-	8.53
Purchase of Raw Material /consumables/store	72.55	46.22
Sale of Consumable / Stores	-	0.02
Amount payable	-	22.98
Amount receivable	-	-
iii). Rico Jinfie Wheels Ltd.		
Transactions during the year		
Purchase of Raw Material / /consumables/store	-	0.25
Sale of Capital Goods	5.62	39.47
Purchase of Capital Goods	93.34	-
Reimbursement of Expenses (Received)	-	14.09
Amount payable	-	-
Amount receivable	-	56.63
iv). Key Management Personnel		
Remuneration paid to Key Management Personnel		
Mr. Ranjeet Singh Yadav	38.33	43.20
Mr. Akash Goyal	0.81	2.66
Mr. Vishal Jadon	1.98	-
Mr. Mukesh Goyal	24.99	23.61
	66.11	69.47

37 Capital and other commitments

Estimated amount of contracts remaining to be executed on account of capital commitment Rs.28.26 Lacs (previous year Rs. 104.71 Lacs) net of advance Rs 6.25 Lacs (previous year Rs. 60.26 Lacs)

38	Contingent Liabilities	March 31, 2019	March 31, 2018
	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	NIL	NIL
	b) Demand against the company acknowledged as liability i.e. Income Tax, Sales Tax etc.		
	i) Central Excise & Service tax	4.51 Crore	NIL
	c) Provident fund		
	<i>The Honourable Supreme Court, has passed a decision on 28th february, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employee's Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the Impact on its financial Statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.</i>	Amount not determinable	
39	Disclosure under Section 22 of the Micro, small and Medium Enterprises Act, 2006 (MSMED)		
	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, 2019	March 31, 2018
	The Principal Amount balance as on date	120.67	90.13
	Interest Paid/Payable thereon	0.81	3.06
40	Value of imports calculated on CIF basis		
		March 31, 2019	March 31, 2018
	Raw Material & Components	33.77	39.14
	Consumable Stores	35.12	84.93
	Capital Goods	41.79	166.54
41	Income in Foreign Currency (Accrual Basis)		
		March 31, 2019	March 31, 2018
	Export Sales	-	-
42	Expenditure in Foreign Currency (Accrual Basis)		
		March 31, 2019	March 31, 2018
	Foreign Travels expenses	8.44	-
43	Imported and indigenous raw material, components and spares parts consumed		
		March 31, 2019	March 31, 2018
	Raw Material		
	Indigenous	7,657.89	6,252.93
	Imported	-	-
		7,657.89	6,252.93
	Percentage of total consumption		
	Indigenous	100%	100%
	Imported	-	-
	Components		
	Indigenous	1,577.55	2,146.75
	Imported	41.27	49.54
		1,618.82	2,196.29
	Percentage of total consumption		
	Indigenous	97%	98%
	Imported	3%	2%
	Stores & Spares		
	Indigenous	2,340.97	2,260.22
	Imported	20.66	34.35
		2,361.63	2,294.57
	Percentage of total consumption		
	Indigenous	99%	99%
	Imported	1%	1%

35 Financial instruments and risk management

[Rupees in Lakhs]

35.1 A Financial Instruments by Category

	31-Mar-19		March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets*				
<i>Non Current</i>				
Loans	-	1,325.05	-	1,325.05
<i>Current</i>				
Investments	-	-	-	-
Trade Receivables	-	1,724.67	-	1,689.60
Cash and Cash Equivalents	-	2.78	-	33.52
Loans	-	45.82	-	46.79
Derivative financial assets	-	-	-	-
Other financial assets	-	38.68	-	46.37
Total financial assets	-	3,137.00	-	3,141.33
Financial liabilities				
<i>Non Current</i>				
Borrowings (excluding current maturities)	-	450.00	-	750.00
Other financial liabilities	-	8.59	-	14.52
<i>Current</i>				
Borrowings	-	295.27	-	280.97
Trade payables	-	3,053.92	-	2,545.69
Other financial liabilities	-	772.67	-	791.95
Total financial liabilities	-	4,580.45	-	4,383.13

35.1.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.

35.1.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	31.03.2019	NIL	NIL	NIL	NIL
Current Investment in Mutual Funds	31.03.2018	NIL	NIL	NIL	NIL

35.1.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.

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, 2019	March 31, 2018
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, 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
March 31, 2018					
Particulars	USD	JPY	EURO	GBP	Total
Trade payable (In INR)	0.50	6.46	8.15	0.95	16.06
Net payable	0.50	6.46	8.15	0.95	16.06
Sensitivity to increase of 1%	(0.01)	(0.06)	(0.08)	(0.01)	(0.16)
Sensitivity to decrease of 1%	0.01	0.06	0.08	0.01	0.16

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, 2019	March 31, 2018
Variable rate borrowings	1,045.27	1,330.97
Fixed rate borrowings	-	-
Total borrowings	1,045.27	1,330.97

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, 2019	For the year ended March 31, 2018
Variable rate borrowings	Interest rate increase by 0.5%	6.08	3.13
	Interest rate decrease by 0.5%	(6.08)	(3.13)

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, 2019						
Borrowing	370.27	75.00	150.00	450.00	-	1,045.27
Trade Payable (Goods, Service & Capital Goods)	3,053.92	-	-	-	-	3,053.92
Security Deposit	-	-	10.05	8.59	-	18.64
Others	0.81	-	-	-	-	0.81
Total	3,425.00	75.00	160.05	458.59	-	4,118.64
As at March 31, 2018						
Borrowing	355.97	75.00	150.00	600.00	150.00	1,330.97
Trade Payable (Goods, Service & Capital Goods)	2,545.69	-	-	-	-	2,545.69
Security Deposit	-	-	6.36	14.52	-	20.88
Others	3.06	-	-	-	-	3.06
Total	2,904.72	75.00	156.36	614.52	150.00	3,900.60

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	As at
	March 31, 2019	March 31, 2018
Debt	1,045.27	1,330.97
Cash and cash equivalent	(2.78)	(33.52)
Net Debts	1,042.48	1,297.45
Total Equity	4,746.05	4,747.94
Net debts to Total Equity	0.22	0.27

Loan covenants

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

B. Dividends

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
<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	92.10	Nil
- Dividend per equity share	0.20	Nil

44 Recent accounting pronouncements

44.a Ind AS 116, Leases :

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116 will replace the existing lease standard, Ind AS 17, Leases, and related informations. The Standard set out the Principles for the Recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the Lessee and the Lessor. Ind AS 116 Introduces a single lessee accounting model and requires the lessee to recognize assets and all liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently operating lease are charged to Statement of profit or loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights to use assets and finance costs on lease liabilities in the statement of profit and loss. the lease payments made by the lessee under lease arrangement will be adjusted against the lease liabilities.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

44.b Ind AS 12, Income Taxes:

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The Amendment clarifies that an entity shall recognize the income tax consequences of dividends profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

44.c Ind AS 19, Plan amendment, curtailment or settlement:

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employees Benefits, In connection with accounting for plan amendments, curtailments and settlements.

the amendments require an entity :

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Rico Aluminium And Ferrous Auto Components Limited
Notes to the financial statements for the year ended March 31, 2019

45 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.

46 Event Occurring after Balance Sheet Date

The Board of Directors has recommended Equity dividend of Re.0.20 per Share (Previous year Rs. Nil) for the Financial year 2018-19.

47 Previous year figures

Previous year figures have been regrouped/ reclassified wherever necessary to conform to the requirements prescribed under Division II of Schedule III to the Companies Act, 2013

For Budhraja 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
Director
(DIN- 06873155)

Satish Sekhri
Chairman
(DIN- 00211478)

Place : Gurugram
Date: May 28, 2019

Mukesh Goyal
Chief Financial Officer

Vishal Jadon
Company Secretary

Independent Auditor's Report

To the Members of Rico Jinfei Wheels Limited

Report on the Audit of the Financial Statements

1. We have audited the accompanying financial statements of Rico Jinfei Wheels Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, 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 (financial position) of the Company as at 31 March 2019, and its loss (financial performance 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. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is

Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2019 (Cont'd)

materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

5. 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 state of affairs (financial position), profit or loss (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 are 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 system in place 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 March 31, 2019 (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, 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, 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 purpose 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 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 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 28, 2019 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 March 31, 2019 (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(s) which would impact its financial position as at 31 March 2019;
 - 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 2019;
 - 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 2019; 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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: May 28, 2019

Annexure A to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2019

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 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 and no material discrepancies between physical inventory and book records were noticed on physical 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 goods and service 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 or government during the year. The Company did not have any outstanding debentures during the year.

Annexure A to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2019 (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) Based on management representation, 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

Ashish Gupta
Partner
Membership No.:504662

Place: Gurugram
Date: May 28, 2019

Annexure B to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited on the financial statements for the year ended March 31, 2019

Annexure B

Independent Auditor's Report on the Internal Financial Controls 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 standalone financial statements of (Name of the Company) ('the Company') as at and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financials reporting criteria established by the company considering the essential components of internal control stated in 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

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure B to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited on the financial statements for the year ended March 31, 2019

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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 over financial reporting and such controls were operating effectively as at March 31, 2019, based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: May 28, 2019

Rico Jinfei Wheels Limited
Balance Sheet as at March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
(a) Property, plant and equipment	5	453,825,433	368,480,752
(b) Capital work-in-progress	5	69,105,890	3,851,799
(c) Financial assets			
(i) Loans	6	608,392	258,392
(ii) Other financial assets	7	-	934,472
(d) Deferred tax assets	28	56,106,858	51,905,250
(e) Other non-current assets	8	4,140,133	2,143,579
Total non-current assets		583,786,706	427,574,244
Current assets			
(a) Inventories	9	59,186,251	73,553,667
(b) Financial assets			
(i) Trade receivable	10	142,538,436	147,722,274
(ii) Cash and cash equivalents	11	64,369	386,135
(iii) Bank balance other than (ii) above	12	-	269,057
(iv) Loans	6	49,066,378	49,286,367
(v) Other financial assets	7	-	206,662
(c) Other current assets	8	47,395,509	18,090,210
Total current assets		298,250,943	289,514,372
Total assets		882,037,649	717,088,616
Equity and liabilities			
Equity			
(a) Equity share capital	13	380,000,000	380,000,000
(b) Other equity	14	(450,553,434)	(374,326,375)
Total equity		(70,553,434)	5,673,625
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	615,709,915	465,599,009
(b) Provisions	16	7,467,172	5,940,488
(c) Other non-current liabilities	17	1,209,606	1,276,597
Total non-current liabilities		624,386,693	472,816,094
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	159,637,086	45,093,940
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	18	11,374,715	4,739,471
b) Total outstanding dues of creditors other than micro and small enterprises	18	122,178,194	156,487,387
(iii) Other financial liabilities	19	22,989,339	18,961,219
(b) Other current liabilities	17	10,900,393	11,454,837
(c) Provisions	16	1,124,663	1,862,043
Total current liabilities		328,204,390	238,598,897
Total equity and liabilities		882,037,649	717,088,616

Summary of significant accounting policies and other explanatory information
This is Balance Sheet referred to in our report of even date

1 to 45

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

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

Ashish Gupta
Partner
Membership No.: 504662

Om Prakash Aggarwal
Director
(DIN 01537211)

Rakesh Kapur
Managing Director
(DIN 00100359)

Place: Gurugram
Date: May 28, 2019

Rakesh Kumar
Chief Financial Officer

Heera Lal
Company Secretary

Rico Jinfei Wheels Limited
Statement of profit and loss for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	20	1,355,712,816	1,128,325,733
Other income	21	9,736,283	12,343,197
Total income		1,365,449,099	1,140,668,930
Expenses			
Cost of materials consumed	22	912,382,789	707,016,314
Change in inventories of finished goods and work in progress	23	(7,726,084)	(466,479)
Excise duty		-	27,692,709
Other manufacturing expenses	24	273,294,957	213,523,693
Employee benefits expense	25	69,021,785	54,798,969
Finance costs	26	66,556,162	47,640,955
Depreciation expense	5	38,885,886	35,306,206
Other expenses	27	93,185,592	67,447,985
Total expenses		1,445,601,087	1,152,960,352
Loss before tax		(80,151,988)	(12,291,422)
Tax expenses			
Current tax		-	-
Deferred tax expense/(credit)	28	(4,201,608)	(13,610,721)
Total tax expense		(4,201,608)	(13,610,721)
(Loss)/profit for the year		(75,950,380)	1,319,299
Other Comprehensive (Loss)/Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan obligations		(276,679)	46,160
Income tax		-	(15,274)
Other comprehensive (loss)/income for the year		(276,679)	30,886
Total comprehensive income/(loss) for the year		(76,227,059)	1,350,185
Basic and diluted (nominal value per share ₹ 10)	29	(2.00)	0.03
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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: May 28, 2019

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

Rakesh Kapur
Managing Director
(DIN 00100359)

Heera Lal
Company Secretary

Rico Jinfei Wheels Limited
Statement of changes in equity for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

A Equity share capital

	No. of shares	Amount
Balance as at March 31, 2017	38,000,000	38,000,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2018	38,000,000	38,000,000
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	38,000,000	38,000,000

B Other equity

	Retained earnings	Total
Balance as at March 31, 2017	(375,676,560)	(375,676,560)
Net profit for the year	1,319,299	1,319,299
Other comprehensive income for the year (net of taxes)	30,886	30,886
Total comprehensive income for the year	1,350,185	1,350,185
Balance as at March 31, 2018	(374,326,375)	(374,326,375)
Net loss for the year	(75,950,380)	(75,950,380)
Other comprehensive loss for the year (net of taxes)	(276,679)	(276,679)
Total comprehensive income for the year	(76,227,059)	(76,227,059)
Balance as at March 31, 2019	(450,553,434)	(450,553,434)

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

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

Ashish Gupta
Partner
Membership No. 504662

Om Prakash Aggarwal
Director
(DIN 01537211)

Rakesh Kapur
Managing Director
(DIN 00100359)

Place: Gurugram
Date: May 28, 2019

Rakesh Kumar
Chief Financial Officer

Heera Lal
Company Secretary

Rico Jinfei Wheels Limited
Cash flow statement for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities		
Net profit before tax	(80,151,988)	(12,291,422)
Adjustments for:		
Depreciation	38,885,886	35,306,206
Unrealised foreign exchange (gain)/loss, net	-	4,970
Loss on sale of fixed assets	6,216,694	-
Finance costs	66,556,162	47,640,955
Interest income	(43,080)	(199,193)
Operating profit before working capital changes	31,463,674	70,461,516
Movement in working capital		
(Increase)/decrease in inventories	14,367,416	(28,966,925)
(Increase) in trade receivables	5,183,838	(68,332,753)
Decrease in financial assets (current and non-current)	76,651	(417,651)
(Increase)/decrease in other assets (current and non-current)	(30,401,623)	(1,244,325)
(Decrease)/increase in trade payables	(27,673,950)	67,148,125
Increase in other financial liabilities (current and non-current)	2,973,094	1,395,325
Increase in other liabilities and provisions (current and non-current)	(108,810)	12,278,822
	(4,119,710)	52,322,134
Direct taxes paid (net of refunds)	(900,230)	(601,102)
Net cash generated from/(used in) operating activities	(5,019,940)	51,721,032
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work in progress)	(210,604,543)	(30,035,344)
Sale of property, plant and equipment	14,903,191	-
Movement in fixed deposits	1,203,529	2,518,424
Interest received	43,080	199,193
Net cash used in investing activities	(194,454,743)	(27,317,727)
C. Cash flow from financing activities		
Proceeds from non-current borrowings	101,510,306	-
Repayment of non-current borrowings	-	(14,765,090)
Proceeds from/(repayment of) current borrowings (net)	114,543,146	(895,938)
Interest paid	(16,900,536)	(8,425,389)
Net cash generated from/(used in) financing activities	199,152,917	(24,086,417)
Net decrease/(increase) in cash and cash equivalents	(321,766)	316,888
Cash and cash equivalents at the beginning of the year	386,135	69,247
Cash and cash equivalents at the close of the year (Refer note 11)	64,369	386,135

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

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

Ashish Gupta
Partner
Membership No.: 504662

Place: Gurugram
Date: May 28, 2019

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

Om Prakash Aggarwal
Director
(DIN 01537211)

Rakesh Kapur
Managing Director
(DIN 00100359)

Rakesh Kumar
Chief Financial Officer

Heera Lal
Company Secretary

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

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

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 standards, if applicable, when they become effective.

i) Ind AS 116

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 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. 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 to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company plans to adopt the new standard on the effective date using modified retrospective method. The Company is in the process of performing a detailed assessment of Ind AS 116 to determine the impact in its financial statement.

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.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

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. The Company is evaluating the requirements of the amendments and its impact if any, on the financial statements

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 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.

3.2 Significant accounting policies

i) Revenue recognition

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

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.

ii) Property, plant and equipment and capital work in progress

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

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 and Machinery	5-20
Building	30-60
Furniture and Fixtures	10
Office equipment	5
Computers	3-8
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.

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.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

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.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

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.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

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

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.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

c. Compensated absences

The Company also provides benefit of compensated absences to its employees which are in the nature of long term benefit plan. The compensated absences comprise of vesting as well as non-vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of Profit and Loss in the year in which such gains or losses arise.

ix) Borrowings costs:

Borrowing costs directly attributable to acquisition, construction or erection of qualifying assets are capitalised. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

Other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the year in which they are incurred.

x) Foreign currency transactions:

Initial recognition

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

Subsequent recognition

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

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

Exchange differences

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

Exchange differences arising on long term foreign currency monetary items outstanding as of March 31, 2017 in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets and depreciated over the remaining life of the underlying asset.

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.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

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). 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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

Company as a lessor

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

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

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2019 (All amounts are in ₹ Unless otherwise stated)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

xvi) Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above.

xvii) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest 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.

Rico Jinfei Wheels Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
6 Loans		
Unsecured, considered good		
Non current		
Security deposits	608,392	258,392
	608,392	258,392
Current		
Security deposits (refer note 37)	49,000,000	49,000,000
Loans to employee	66,378	286,367
	49,066,378	49,286,367
7 Other financial assets		
Non current		
Bank deposits with maturity of more than 12 months*	-	934,472
	-	934,472
Current		
Others	-	206,662
	-	206,662
*Pledged with bank for issuing bank guarantees.		
8 Other assets		
Unsecured, considered good		
Non-current		
Capital advances	1,860,820	-
Security deposits	-	200,000
Advance income tax	1,974,328	1,074,098
Prepaid expenses	304,985	869,481
	4,140,133	2,143,579
Current		
Advances to suppliers (includes related party advances refer note 37)	46,223,617	17,661,027
Prepaid expenses	1,171,892	429,183
	47,395,509	18,090,210
9 Inventories		
(valued at lower of cost or net realisable value)		
Raw material and components	17,832,164	25,399,069
Goods-in-transit (components)	6,757,357	4,359,401
Work-in-progress	24,746,059	16,135,525
Finished goods	1,007,482	1,891,932
Stores and spares	8,843,189	25,767,740
	59,186,251	73,553,667
10 Trade receivables		
Unsecured, considered good	142,538,436	147,722,274
	142,538,436	147,722,274
11 Cash and cash equivalents		
Cash on hand	7,350	24,419
Balances with banks		
In current accounts	57,019	361,716
	64,369	386,135
12 Bank balances other than cash and cash equivalents		
Bank deposits with maturity of more than 3 months and less than 12 months*	-	269,057
	-	269,057
*Pledged with bank for issuing bank guarantees.		

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Rico Jinfei Wheels Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
14 Other equity		
Retained earning	(450,553,434)	(374,326,375)
	(450,553,434)	(374,326,375)
Surplus in profit and loss account		
Opening balance	(374,326,375)	(375,676,560)
Add/(Less) : Profit/(loss) transferred from statement of profit and loss	(75,950,380)	1,319,299
Less : Other comprehensive (loss)/income (net of taxes)	(276,679)	30,886
Closing balance	(450,553,434)	(374,326,375)
15 Borrowings		
Non-current		
Secured loan (A)		
Term loan from financial institution and banks (refer A1 and A2 below)	128,912,100	-
Vehicle loans from financial institution (refer A3 below)	3,182,613	4,161,904
Unsecured loan (B)		
Borrowings from related parties (refer note 37 and B1)	490,468,044	462,367,444
	622,562,757	466,529,348
Less: Current maturities of long term secured borrowings (refer note 19)	6,852,842	930,339
	615,709,915	465,599,009
Current borrowings		
Secured (C)		
Working capital loans from banks (refer note C1)		
Rupee loans	59,900,540	45,093,940
Unsecured Loan (D)		
Working capital loans from Financial Institution		
Rupee loans (refer note D1)	99,736,546	-
	159,637,086	45,093,940
A Security details and terms of repayment- non-current secured loans		
A1 Rupee term loan from Bajaj Finance Limited carries interest @ 9.00% to 9.40% per annum and is repayable in 22 equal quarterly instalments starting March 2020. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable , present and future and mortgage by way of deposit of title deeds of land 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.	100,000,000	-
A2 Rupee term loan from RBL Bank Limited carries interest @ 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.	28,912,100	-
A3 Vehicle loans are secured by hypothecation of vehicles financed and are payable in 60 monthly instalments carrying interest @ 8.15% to 8.30% per annum from Kotak Mahindra Bank Limited	3,182,613	4,161,904
B) Unsecured loan		
Party name		
B1 Rico Auto Industries Limited - (Ultimate holding company)	490,468,044	462,367,444
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.		
	622,562,757	466,529,348
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.	59,900,540	45,093,940
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.	99,736,546	-
	159,637,086	45,093,940
16 Provisions		
Non current		
Provision for gratuity (refer note 35)	5,383,144	4,158,332
Provision for compensated absences	2,084,028	1,782,156
	7,467,172	5,940,488
Current		
Provision for gratuity (refer note 35)	201,995	1,057,611
Provision for compensated absences	922,668	804,432
	1,124,663	1,862,043

Rico Jinfei Wheels Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
17 Other liabilities		
Non current		
Security deposits	1,209,606	1,276,597
	1,209,606	1,276,597
Current		
Statutory liabilities	10,900,393	11,005,798
Security deposits	-	449,039
	10,900,393	11,454,837
18 Trade payables		
Payable to micro enterprises and small enterprises (refer note 34)	11,374,715	4,739,471
Other payables	115,586,210	150,149,247
Due to related parties (refer note 37)	6,591,984	6,338,140
	133,552,909	161,226,858
19 Other financial liabilities		
Current maturities of long term borrowings (refer note 15)	6,852,842	930,339
Interest accrued but not due on borrowings	1,055,026	-
Payable for capital purchases	6,992,170	9,546,189
Security deposits	1,180,195	731,156
Employee benefits payable	6,909,106	7,753,535
	22,989,339	18,961,219

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Rico Jinfei Wheels Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
20 Revenue from operations		
Sale of products	1,345,873,594	1,116,958,496
Job work charges	566,774	3,062,788
Other operating revenues		
Scrap sales	9,272,448	8,304,449
	1,355,712,816	1,128,325,733
21 Other income		
Interest income	43,080	199,193
Rental income from operating lease	8,191,200	6,143,400
Miscellaneous income	1,502,003	6,000,604
	9,736,283	12,343,197
22 Cost of raw materials and components consumed		
Raw material and components		
Opening stock	25,399,069	10,281,512
Add : purchases during the year	904,815,884	722,133,871
Less : Closing stock	17,832,164	25,399,069
Raw material and components consumed	912,382,789	707,016,314
23 Changes in inventories of finished goods and work in progress		
(a) Work-in-progress		
Opening stock	16,135,525	17,560,978
Closing stock	24,746,059	16,135,525
	(8,610,534)	1,425,453
(b) Finished goods		
Opening stock	1,891,932	-
Closing stock	1,007,482	1,891,932
	884,450	(1,891,932)
	(7,726,084)	(466,479)
24 Other manufacturing expenses		
Power and fuel	124,710,063	86,247,667
Sub contracting expenses	69,954,818	59,168,966
Consumption of stores and spares	76,950,076	66,332,822
Machinery hire charges	1,680,000	1,774,237
	273,294,957	213,523,693
25 Employee benefits expense		
Salaries, wages and bonus	60,301,238	48,693,463
Contribution to provident and other funds (refer note 35)	3,606,148	3,309,536
Staff welfare expenses	5,114,399	2,795,970
	69,021,785	54,798,969
26 Finance costs		
Interest on borrowings	58,172,845	45,757,617
Other borrowing costs	8,383,317	1,883,338
	66,556,162	47,640,955
27 Other expenses		
Rent (refer note 36)	18,727,800	18,403,800
Repairs		
buildings	2,258,850	313,600
machinery	12,364,839	4,656,571
others	1,295,985	126,635
Insurance	1,420,660	1,566,029
Rates and taxes	341,872	769,756
Traveling and conveyance	1,693,053	1,175,080
Legal and professional*	2,535,399	2,311,112
Vehicle running and maintenance expenses	1,536,549	1,604,611
Packing and warehousing	24,877,772	19,222,419
Security Charges	2,141,804	2,118,564
Exchange loss on foreign currency	-	430,594
Line rejection and re-work charges	2,125,571	250,161
Freight and forwarding	12,219,457	8,552,472
Miscellaneous expenses	9,645,981	5,946,581
	93,185,592	67,447,985
*Includes payment to auditors on account of:		
Audit services	500,000	500,000
Out of pocket expenses	73,110	49,600
	573,110	549,600
28 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, 2019	Year ended March 31, 2018
	Amount	Amount
Loss from continuing operations before income tax expense	(80,151,988)	(12,291,422)
Income tax using the Company's domestic tax rate	(24,766,964)	(3,798,049)
Deferred tax not created due to absence of reasonable certainty	(20,565,356)	(9,812,672)
Income tax expenses recognised in the statement of profit and loss	(4,201,608)	(13,610,721)
	%	%
	30.90%	30.90%
	25.66%	79.83%
	5.24%	110.73%

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, 2018				
Deferred tax assets				
Carry forward of losses*	35,214,692	13,595,447	-	48,810,139
Minimum alternative tax credit entitlement	3,095,111	-	-	3,095,111
Employee benefits	1,948,695	462,287	-	2,410,982
	40,258,498	14,057,734	-	54,316,232
Deferred tax Liability				
Depreciation	1,830,867	381,394	-	2,212,261
Others	117,828	80,893	-	198,721
	1,948,695	462,287	-	2,410,982
Net Deferred tax Assets	38,309,803	13,595,447	-	51,905,250
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

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

29 Earnings/(loss) per share

(Loss)/ profit after tax (A)(₹)	(75,950,380)	1,319,299
Weighted average number of equity shares (basic/diluted) (B)	38,000,000	38,000,000
Nominal value of equity share (₹)	10	10
Earnings per share - basic/diluted (A/B) (₹)	(2.00)	0.03

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Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

	As at March 31, 2019		As at March 31, 2018	
13 Equity share capital				
a) Authorised				
73,000,000 equity shares of ₹ 10/- each (March 31, 2018: 73,000,000 equity shares of ₹ 10/- each)		730,000,000		730,000,000
b) Issued, subscribed and paid-up				
38,000,000 equity shares of ₹ 10/- each fully paid up (March 31, 2018: 38,000,000 equity shares of ₹ 10/- each)		380,000,000		380,000,000
c) Reconciliation of number of equity shares outstanding				
	Year ended March 31, 2019		Year ended March 31, 2018	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	380,000,000	38,000,000	380,000,000	38,000,000
Movement during the year	-	-	-	-
Outstanding at the end of the year	<u>380,000,000</u>	<u>38,000,000</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, 2018	
	% of holding	No of shares	% of holding	No of shares
RICO Investments limited (immediate holding Company)	93.49%	35,525,000	93.49%	35,525,000
Zhejiang Jinfei Kaida Wheel Company Limited	6.51%	2,475,000	6.51%	2,475,000
	<u>100%</u>	<u>38,000,000</u>	<u>100%</u>	<u>38,000,000</u>

The above information is furnished as per the shareholders register as on March 31, 2019.

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 year.

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Rico Jinfei Wheels Limited
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019
 (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, 2018	Additions	Sale of Asset	As at March 31, 2019	As at April 01, 2018	Charge for the year	Depreciation on Sale of Asset	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Property plant and equipment										
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	145,350,452	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, 2019	69,105,890
Capital work-in-progress as at March 31, 2018	3,851,799

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, 2018	84,792,943	2,909,225	81,883,718
Additions	-	2,799,426	(2,799,426)
March 31, 2019	84,792,943	5,708,651	79,084,292

* 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.

D Borrowing costs capitalised/transferred to capital work in progress during the year is ₹ Nil (previous year ₹ 939,623) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's borrowings during the year. (previous year 8.89% p.a.).

Rico Jinfei Wheels Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019
(All amounts are in ₹ unless otherwise stated)

30 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, 2019	As at March 31, 2018
	Amortised Cost*	Amortised Cost*
Financial assets		
Non Current		
Loans	608,392	258,392
Other financial assets	-	934,472
Current		
Trade Receivables	142,538,436	147,722,274
Cash and Cash Equivalents	64,369	386,135
Bank balances other than cash and cash equivalents	-	269,057
Loans	49,066,378	49,286,367
Other financial assets	-	206,662
	192,277,575	199,063,359
Financial liabilities		
Non Current		
Borrowings (excluding current maturities)	615,709,915	465,599,009
Current		
Borrowings	159,637,086	45,093,940
Trade payables	133,552,909	161,226,858
Other financial liabilities	22,989,339	18,961,219
	931,889,249	690,881,026

*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, 2019 and March 31, 2018, 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).

31 Capital management

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

A Net debt divided by total equity

	As at March 31, 2019	As at March 31, 2018
Particulars		
Total debts*	782,199,844	511,623,288
Total equity#	(70,553,434)	5,673,625
Debt equity ratio	(11.09)	90.18

* 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.

32 Financial risk management

32A 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, 2019		As at March 31, 2018	
	USD	(In Rs.)	(In USD.)	(In Rs.)
Advance to Suppliers	111,614	7,807,411	-	-
(Net Payable)/ 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)	-	-

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, 2019	As at March 31, 2018
Variable rate borrowings	188,812,640	45,093,940

A reasonable change of 0.50% in interest rates at reporting date would have affected the profit and loss shown below:

	Year ended March 31, 2019	Year ended March 31, 2018
Variable rate borrowings		
Interest rate increase by 0.5%	944,063	225,470
Interest rate decrease by 0.5%	(944,063)	(225,470)

32B 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	As at
	March 31, 2019	March 31, 2018
Cash and cash equivalents	64,369	386,135
Other bank balances	-	269,057
Trade receivables	142,538,436	147,722,274
Loans	49,674,770	49,544,759
Other financial assets	-	1,141,134

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, 2019 and March 31, 2018 is insignificant. Top two customers for the year ended March 31, 2019 constitutes 98.29% of net trade receivables (March 31, 2018: 90.72%).

Loans and other financial assets measured at amortised cost

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

Given below is the ageing of trade receivable and loans:

A Trade Receivables

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Outstanding for more than six months	1,143,710	163,020
Others	141,394,725	147,559,254
	142,538,436	147,722,274

32C 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

	Less than 1 year	1 - 3 years	More than 3 years	Total
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)	140,545,079	-	-	140,545,079
Employee benefit payable	6,909,106	-	-	6,909,106
Security deposit	1,180,195	-	-	1,180,195
	316,179,335	297,413,433	318,296,482	931,889,250
As at March 31, 2018				
Borrowing (including short term and current maturities)	46,024,279	123,013,397	342,585,612	511,623,288
Trade payable (including payable for capital goods)	170,773,047	-	-	170,773,047
Employee benefit payable	7,753,535	-	-	7,753,535
Security deposit	731,156	-	-	731,156
	225,282,017	123,013,397	342,585,612	690,881,026

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

33. Commitments

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on account of		
Capital commitments [net of advance ₹ 1,860,820 (previous year nil)]	8,783,382	Nil

34. Dues to micro, small and medium enterprises

Particulars	As at March 31, 2019		As at March 31, 2018	
	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;	11,374,715	111,834	4,739,471	41,254
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;	-	111,834	-	41,254
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. Employment benefits

A. Defined benefit plan

Provident fund and other funds:

	As At March 31, 2019	As At March 31, 2018
Employer's contribution to provident fund	3,064,070	2,562,879
Employer's contribution to ESI	485,561	481,806

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, 2019**

(All amounts are in ₹ unless otherwise stated)

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

B1 Change in defined benefit obligation

	Year ended March 31, 2019	Year ended March 31, 2018
Present value of obligation as at beginning of the year	5,215,943	4,301,680
Current service cost *	1,045,327	555,930
Past Service Cost	-	310,982
Interest cost	406,554	318,098
Benefits paid	(1,359,364)	(224,587)
Actuarial loss	276,679	(46,160)
Present value of obligation as at end of the year	5,585,139	5,215,943

* Included in employee benefit expenses.

B2 The amounts to be recognised in Balance Sheet

	Year ended March 31, 2019	Year ended March 31, 2018
Present value of obligation as at the end of the period	5,585,139	5,215,943
Net liability recognised in Balance Sheet		
- Non current	5,383,144	4,158,332
- Current	201,995	1,057,611

B3 Expense recognised during the year

	Year ended 31-Mar-19	Year ended 31-Mar-18
In Income statement		
Current service cost	1,045,327	555,930
Past Service Cost	-	310,982
Interest cost (net of income)	406,554	318,098
Net cost	1,451,881	1,185,010
In Other comprehensive income		
-- Change in financial assumptions	61,506	(225,261)
-- experience variance (i.e. Actual experience vs assumptions)	215,173	179,101
Net cost	1,728,560	1,138,850

B.4 Actuarial assumptions:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.70%	7.80%
Rate of increase in compensation levels	7.00%	7.00%
Mortality rate(% of IALM 06-08)	100%	100%
Retirement age (years)	58	58

Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019****(All amounts are in ₹ unless otherwise stated)**

Attrition/Withdrawal rates, based on age (per annum)		
Upto 30 years	3.00%	3.00%
31 to 40 years	2.00%	2.00%
Above 40 years	1.00%	1.00%

B.5 Sensitivity analysis for gratuity liability

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

(Amount in ₹)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	5,287,297	5,908,403	4,955,089	5,499,771
Impact of change in salary (+/- 0.5%)	5,909,030	5,284,076	5,500,598	4,952,037
Impact of change in attrition rate (+/- 5%)	5,595,976	5,571,354	5,230,214	5,198,625

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, 2019	Year ended March 31, 2018
Discount rate	7.70%	7.80%
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%

36) The Company's operating lease payments pertains to premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to ₹18,727,800 (March 31, 2018 ₹ 18,403,800/-) for the year, has been charged to the statement of profit and loss.

37) Related party disclosures:

I Related parties:

Holding Company

- i) Rico Investments Limited (immediate Holding Company)
- ii) Rico Auto Industries Limited (ultimate Holding Company)

Fellow Subsidiary companies

- i) Rasa Autocom Limited
- ii) Rico Aluminium and Ferrous Auto components Limited

Rico Jinfei Wheels Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019****(All amounts are in ₹ unless otherwise stated)**Parties where significant influence is exercised by key management personnel and/or his relatives

- i) Rico Castings Limited
- ii) Kapbros Engineering Industries Limited
- iii) Kapsons Manufacturing & Services Private Limited
- iv) Higain Investment Private Limited
- v) ASN Properties Private Limited
- vi) Meraki Manufacture and Finvest Advisor Private Limited

Key Management Personnel

Details of Key Managerial Personnel are as under:

- i) Shri Rakesh Kapur, Managing Director*
- ii) Smt. Upasna Kapur, Whole Time Director
- iii) Shri Samarth Kapur, Whole Time Director
- iv) Shri Mahesh Kumar Raghav, Chief Financial Officer (Up to April 30, 2018)
- v) Shri Rakesh Kumar, Chief Financial Officer (From August 2, 2018) *
- vi) Shri Heera Lal, Company Secretary *

* as per Companies Act, 2013

II Transactions with related Parties

	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	<u>Holding Company</u>		
A	Rico Auto Industries Limited		
	Goods purchased	26,124,572	18,781,490
	Goods sold	69,978,424	50,646,762
	Sale of Machinery	6,823,263	-
	Purchase of Machinery	29,358,683	-
	Job work expenses	-	-
	Job work income	1,549,260	1,342,198
	Recovery of Expenses	588,309	-
	Loan repaid during the year	20,500,000	13,900,000
	Interest Expense	48,600,600	39,325,979
B	Rico Castings Limited		
	Job work expenses	8,190,420	8,884,077
	Administration, finance, production support service	119,060,778	84,065,647
	Rent expense*	18,727,800	18,403,800
C	Rasa Autocom Limited		
	Goods purchased	-	5,542,579
	Assets Purchased	-	3,199,526
	Goods sold	6,564,281	10,462,020
	Job Work income	1,158,052	20,92,531
D	Rico Aluminium and Ferrous Auto components Limited		
	Goods sold	-	988
	Purchase of Goods	562,435	-
	Purchase of Machinery	-	6,042,419
	Sale of Machinery	9,295,505	-

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
E	Kapbros Engineering Industries Limited		
	Goods sold	52,000	6,698,867
	Rent Received	9,665,616	7,249,212
F	Key Management Personnel		
	Sh. Rakesh Kapur (MD)	6,000,000	6,000,000
	Smt. Upasna Kapur (Director)	2,420,000	791,664
	Sh. Samarath Kapur (Director)	3,620,000	1,191,660
	Sh. Rakesh Kumar (CFO)	1,198,049	-
	Sh. Mahesh Kumar Raghav (CFO)	1,531,801	1,616,882
	Sh. Manupreet Singh Batra (CS)	-	137,324
	Sh. Heera Lal (CS)	494,935	341,281

III Balances with Related Parties

A	Rico Auto Industries Limited		
	Loan outstanding	490,468,044	462,367,444
	Balance Payable	5,916,984	-
	Balance Receivable	-	6,313,820
B	Rico Castings Limited		
	Advance recoverable	38,379,611	13,106,665
	Security Receivable	49,000,000	49,000,000
C	Rasa Autocom Limited		
	Balance recoverable, net	72,152	1,730,805
D	Kapsons Manufacturing & Services Private Limited		
	Balance Payable	675,000	675,000
E	Rico Aluminium and Ferrous auto Components Limited		
	Balance Payable	-	5,663,140

38. 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.

39. Transition impact of IND AS 115

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with effect from April 01, 2018 resulting in a change in the revenue recognition policy of the Company in relation to its contracts with customers. Ind AS 115 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several standards. It established a new five-step model that will apply to revenue arising from contracts with customers.

The Company has opted for the modified retrospective application permitted by Ind AS 115 upon adoption of new standard. Accordingly, the standard has been applied for the year ended March 31, 2019 only (i.e. the initial application period). Modified retrospective application also requires the recognition of cumulative impact of adoption of Ind AS 115 on all contracts as at April 01, 2018 ("transition date") in equity. However, the impact on such transition date is Nil.

40. Reconciliation of liabilities from financing activities

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 statement; accordingly, the reconciliation is not disclosed.

41. Revenue of the company for the period ended March 31, 2019 is net of Goods and Service Tax (GST), similarly Revenue for the period ended March 31, 2018 is also net of Goods and Service Tax (GST) which is applicable to the company from July 1, 2017 however revenue for the period upto June 30, 2017 is net of Value added taxes but gross of excise duty. Accordingly, revenue for the period ended March 31, 2018 is not comparable with the previous year presented in these financial statements, similarly expenses are also not comparable.

Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts are in ₹ unless otherwise stated)

42. The Company has accumulated losses of ₹450,553,434 as at March 31, 2019 (previous year ₹ 374,326,375), 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.
43. **Events after the Balance sheet date**
There are no reportable subsequent events after the balance sheet date.
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, 2019 were authorised and approved for issue by the board of Directors on May 28, 2019.

For **Walker Chandiok & Co LLP**
Chartered Accountants

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

Ashish Gupta
Partner
Membership No.: 504662

Om Prakash Aggarwal
Director
DIN: 01537211

Rakesh Kapur
Managing Director
DIN: 00100359

Place: Gurugram
Date: May 28, 2019

Rakesh Kumar
Chief Financial Officer

Heera Lal
Company Secretary