



# RACL Geartech Ltd.

Corporate Office

B-9, Sector-3, Noida, Uttar Pradesh-201301, INDIA

Phone: +91-120-4588500 Fax: +91-120-4588513

Web: www.raclgeartech.com E-mail: info@raclgeartech.com

29<sup>th</sup> August, 2020

**The Manager - Listing  
BSE Limited**  
25<sup>th</sup> Floor, P. J. Towers,  
Dalal Street,  
Mumbai - 400 001

**Scrip Code: 520073**

**Subject: Submission of Annual Report for the Financial Year 2019-20.**


Dear Sir/Ma'am,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2020 along with the Notice of the 37<sup>th</sup> Annual General Meeting to be held on Monday, 21<sup>st</sup> September, 2020 through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM') in accordance with the Circular Nos. 14/2020, 17/2020 and 20/2020 dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 respectively issued by Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 issued by the Securities and Exchange Board of India.

You are requested to take the aforesaid information on record and oblige.

Thanking You,

**FOR RACL GEARTECH LIMITED**

  
**SHAGUN BAJPAI**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**  
ICSI MEM. NO.: A45982

Registered Office

15<sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi-110019, INDIA

Phone: +91-11-66155129

CIN: L34300DL1983PLC016136

D-U-N-S Number: 65-013-7086



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TS 518901 - 000

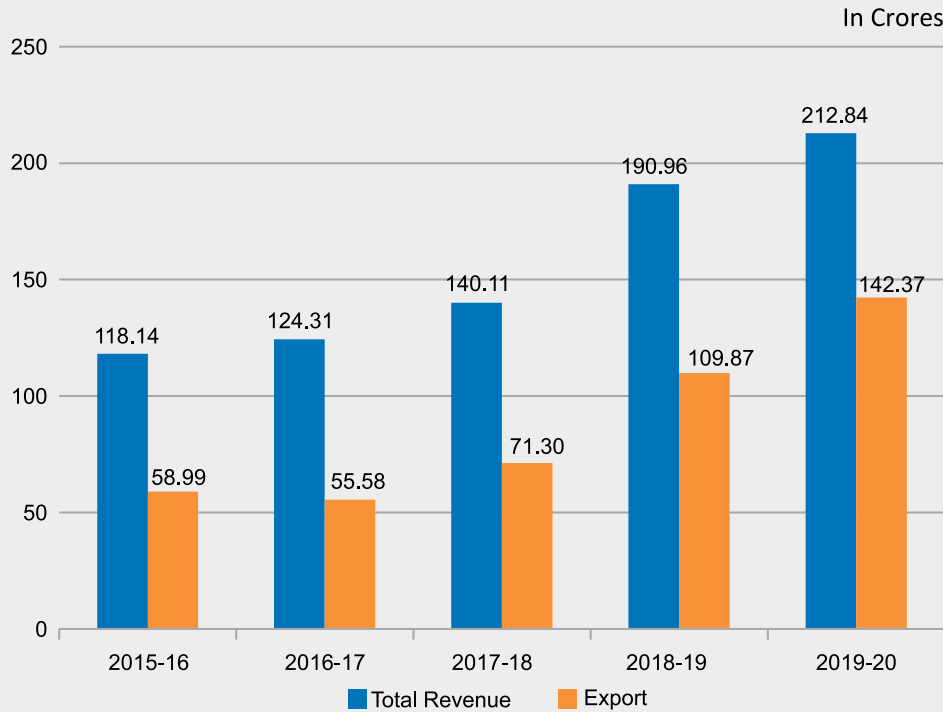


*37<sup>th</sup>*  
ANNUAL  
**REPORT**  
2019 - 2020

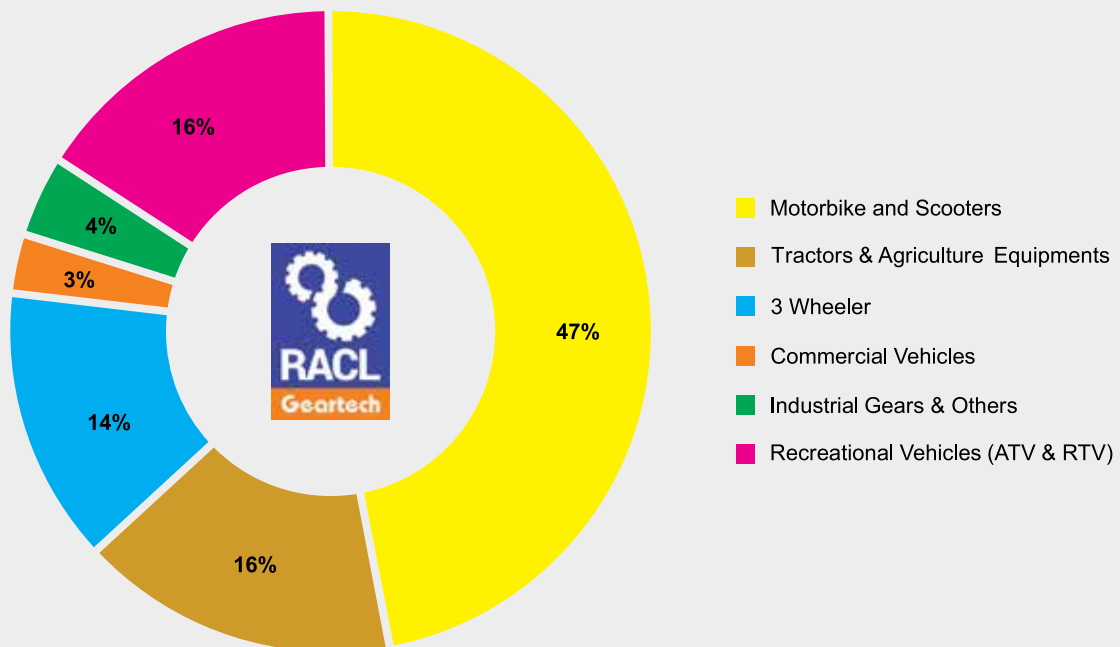


**RACL Geartech Limited**  
Putting the world to motion

### Total Revenue & Export Performance (Last Five Years)



### Business Segment Financial Year 2019-20



## From the Chairman's Desk



Dear Shareholders,

I am sure all of our esteemed shareholders and their family members are safe and healthy in the current situation of COVID-19. My best wishes to all of you in this period of pandemic crisis.

I am pleased to present the 37<sup>th</sup> Annual Report of RACL Geartech Limited for the financial year 2019-2020. At the outset, I would like to thank our shareholders for their constant support and faith in the Company.

As you all are aware of the Company has steadily made progress over the recent years and continued its efforts during this year as well. The year until

December-2019, witnessed sturdy growth. However, the growth graph got disturbed during the March-2020 quarter. The Company had to shut down its manufacturing plants and offices due to the Lockdown ordered by the Central Government amidst the COVID-19 pandemic.

I am pleased to share with you that, we have re-started our operations in the month of May-2020 as per the guidelines issued by Government of India & State Government of Uttar Pradesh and started ramping up gradually in line with market demand and availability of supply chain and human resources. We have managed our operations and available resources in an efficient manner, which, in turn has helped the Company to sustain our operations & profitability even in the difficult period of COVID-19 crisis. Our Customers and Suppliers have been a big support in the times of crisis and we are confident about adapting to the changing business environment and shall respond suitably to fulfil the needs of our stakeholders.

Talking about our performance during the year, I am happy to inform that your Company delivered a resilient performance despite a challenging operating environment. On a comparable basis, your company has reported a Total Revenue of ₹ 212.84 Crores for the financial year ended 31<sup>st</sup> March, 2020 as compared to ₹ 190.96 Crores during the same period in the previous year, representing a growth of 11.45%. Profit before Tax at ₹ 21.90 Crores increased by 26.30% from ₹ 17.34 crores, while Net profit grew by 73.49% to ₹ 16.36 Crores from ₹ 9.43 Crores in FY 2018-19.

We all are aware that Pandemic has affected economy throughout the world and each sector of the economy has hit in one form or other. Automotive sector has also been affected substantially. However, the affect of Pandemic has started to neutralise and there are signs of recovery. The automotive sector is expecting revival of demand, as there may be a shift of consumer behaviour towards personal mobility from shared mobility & public transport. It is expected that personal mobility will make a strong come back in the current context of COVID -19. Demand for 2 Wheeler, 3 Wheeler & smaller cars are set to increase as the consumer awareness towards health & safety increases in light of pandemic crisis. Similarly, demand for luxury segment in overseas market is set to increase because of change in consumer spending behaviour. Since, your Company is a dominant player in the premium segment in European market, we are sure we shall be benefitted out of change in the demand pattern.

However, we shall have to adopt a cautious approach towards managing our resources effectively, and apply various innovative ideas & strategies to come out of this grave situation. We will have to increase operational efficiencies everywhere. We will have to eliminate all unnecessary costs, which shall be achieved with the collective efforts of the RACL Family.

The Company is also tirelessly working towards the achievement of its Corporate Social Responsibility goals and continues to extend its helping hand to the ones in need. We consider that education is the biggest power of the



mankind, and we aim to empower our future generations with good education. Our ongoing CSR projects focus on the provision of educational facilities to the marginalized and under privileged children in our community. We also believe in skill development and enabling the women in our society to become self-reliant. This time, we also provided aid for fighting with the COVID-19 crisis to the ones in distress.

With the changing dynamics of the World, we hope to convert our challenges into opportunities. In keeping with our Vision and Mission, we are also stepping-up our efforts towards developing mobility solutions for the future through a collaborative approach.

I wish to seek your support and best wishes for our future endeavours and pray for better and healthier times to come.

At the end I take the opportunity to thank all our stakeholders, bankers, supply chain partners, Government of India, State Government of Uttar Pradesh and all our employees for extending their need based support throughout this crisis period of COVID -19. And I am sure we shall strive back with sustainable growth for all, in the times to come.

Thank you,

A handwritten signature in black ink, appearing to read 'Gursharan Singh', positioned above the printed name.

**GURSHARAN SINGH**  
**CHAIRMAN & MANAGING DIRECTOR**

## CORPORATE INFORMATION

BOARD OF DIRECTORS	
<b>Mr. Gursharan Singh</b> Chairman & Managing Director	<b>Mrs. Narinder Paul Kaur</b> Non- Executive Non- Independent Director
<b>Mr. Dev Raj Arya</b> Whole-time Director & Chief Financial Officer	<b>Mr. Anil Sharma</b> Non- Executive Non- Independent Director
<b>Mr. Rakesh Kapoor</b> Independent Director	<b>Mr. Raj Kumar Kapoor</b> Independent Director
<b>Mr. Shashank Ramesh Anikhindi</b> Independent Director	<b>Mr. Jagdish Keswani</b> Independent Director
<b>Brig. Harinder Pal Singh Bedi</b> Independent Director	
<b>Company Secretary &amp; Compliance Officer</b> Ms. Shagun Bajpai	<b>Corporate Identity Number</b> CIN: L34300DL1983PLC016136
<b>Statutory Auditors</b> Gianender & Associates, Chartered Accountants Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar, New Delhi-110060	<b>Corporate Office</b> B-9, Sector-3, Noida Uttar Pradesh-20130
<b>Internal Auditors</b> Protiviti India Member Private Limited 15 <sup>th</sup> Floor, Tower A, DLF Building No. 5, DLF Phase III, DLF Cyber City, Gurgaon-122002, Haryana, India	<b>Plants</b> <b>Unit No. 1</b> A-3, Industrial Area, Gajraula, District Amroha, Uttar Pradesh-244223, India  <b>Unit No. 2</b> A-62, Sector-63, Noida District Gautam Budh Nagar, Uttar Pradesh-201307, India
<b>Secretarial Auditors</b> K. K. Malhotra & Company, Company Secretaries C-2/4, Pragati Market, Ashok Vihar, Phase-II, Delhi-110052	<b>Registered Office</b> 15 <sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi-110019
<b>Bankers</b> Bank of India, RBL Bank Limited, IndusInd Bank Limited Citi Bank N.A.	
<b>Registrar &amp; Share Transfer Agents</b> MAS Services Limited T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi-20 Tel: 011-26387281 / 82 / 83 e-Mail: <a href="mailto:info@masserv.com">info@masserv.com</a> , Web: <a href="http://www.masserv.com">www.masserv.com</a>	

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## NOTICE

Notice is hereby given that the 37<sup>th</sup> (Thirty Seventh) Annual General Meeting (“AGM”) of RACL Geartech Limited (“Company”) will be held through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) on 21<sup>st</sup> September, 2020 at 11:00 A.M. in accordance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular Nos. 20/2020, 17/2020 and 14/2020 dated 5<sup>th</sup> May, 2020, 13<sup>th</sup> April, 2020 and 8<sup>th</sup> April, 2020 respectively, to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020, together with the Reports of the Board of Directors and Auditors thereon.
2. To consider and appoint a Director in place of Mrs. Narinder Paul Kaur (DIN: 02435942), who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint M/s. Gianender & Associates, Chartered Accountants (ICAI Firm Registration No. 004661N) as Statutory Auditors of the Company and to fix their remuneration and for that purpose, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to provisions of Sections 139 and 142 of the Companies Act, 2013 (“Act”) read with the Companies (Audit and Auditors) Rules, 2014 and any other applicable provisions of the Act (including any statutory modification(s), clarification(s) or re-enactment(s) thereof for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendation of the Audit Committee, consent of the members of the Company be and is hereby accorded to re-appoint M/s. Gianender & Associates, Chartered Accountants (ICAI Firm Registration No. 004661N) as Statutory Auditors of the Company, to hold office for a term of 5 (five) years from the conclusion of the 37<sup>th</sup> Annual General Meeting upto the conclusion of the 42<sup>nd</sup> (Forty Second) Annual General Meeting of the Company, on the terms and fees as mentioned in the explanatory statement, and that the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) be and is hereby authorized to vary their remuneration and decide about reimbursement of out of pocket expenses, as may be incurred, in the performance of Audit.

**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be considered necessary, proper, desirable or expedient to give effect to this resolution.”

### SPECIAL BUSINESS

4. To approve the re-appointment of Mr. Shashank Ramesh Anikhindi (DIN: 07787889) as the Non-Executive Independent Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to Sections 149 and 152 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Company, approvals and recommendations of the Nomination and Remuneration Committee, and that of the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute), consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Shashank Ramesh Anikhindi (DIN: 07787889), who was appointed as Non- Executive Independent Director by the Members of the Company in the 34<sup>th</sup> Annual General Meeting of the Company for a term of 3 years upto 28<sup>th</sup> September, 2020 and who meets the criteria of Independence and being eligible, offers

himself for re-appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying the member's intention to propose the candidature of Mr. Shashank Ramesh Anikhindi for the office of Director, to hold office for a second term of 5 (Five) consecutive years with effect from 29<sup>th</sup> September, 2020 to 28<sup>th</sup> September, 2025, whose office shall not be liable to retirement by rotation."

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, things and matters as may be deemed necessary, proper or expedient to give effect to this resolution and/or to make any modification as may be deemed to be in the best interest of the Company."

5. To approve the confirmation of appointment of Mr. Jagdish Keswani (DIN: 02146267) as the Non- Executive Independent Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to Sections 149 and 152 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Company, approvals and recommendations of the Nomination and Remuneration Committee, and that of the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) consent of the Members of the Company be and is hereby accorded to confirm the appointment of Mr. Jagdish Keswani (DIN: 02146267), who was appointed as an Additional Independent Director by the Board on 11<sup>th</sup> November, 2019 and holds office upto the 37<sup>th</sup> Annual General Meeting, and who meets the criteria of Independence and being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying the member's intention to propose the candidature of Mr. Jagdish Keswani for the office of Director to hold office for a period commencing from 11<sup>th</sup> November, 2019 upto the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company, as a Non- Executive Independent Director, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, things and matters as may be deemed necessary, proper or expedient to give effect to this resolution and/or to make any modification as may be deemed to be in the best interest of the Company."

6. To approve the confirmation of appointment of Brig. H.P.S Bedi (Retd.) (DIN: 05217488) as the Non- Executive Independent Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to Sections 149, 152 and 161 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Articles of Association of the Company, approvals and recommendations of the Nomination and Remuneration Committee, and that of the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) consent of the Members of the Company be and is hereby accorded to confirm the appointment of Brig. H.P.S. Bedi (Retd.) (DIN: 05217488), who was appointed as an Additional Independent Director by the Board on 29<sup>th</sup> June, 2020 and holds office upto the 37<sup>th</sup> Annual General Meeting, and who meets the criteria of independence and being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying the member's intention to propose the candidature of Brig. H.P.S. Bedi (Retd.) for the office of Director to hold office for a period commencing from 29<sup>th</sup> June, 2020 upto the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company as a Non- Executive Independent Director, not liable to retire by rotation and to continue to hold such position upon attaining age of 70 (Seventy) years during his tenure of appointment.



**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, things and matters as may be deemed necessary, proper or expedient to give effect to this resolution and/or to make any modification as may be deemed to be in the best interest of the Company.”

7. To keep the Copies of Annual Return of the Company at a place other than the Registered office of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 94 read with Section 92 and all other applicable provisions of the Companies Act, 2013, read with applicable rules made there under and other applicable provisions (including any statutory modification(s) or re-enactment thereof for the time being in force), if any, of the Companies Act, 2013 and any other act or regulations, if any, consent of the members of the Company be and is hereby accorded to keep and maintain the copies of Annual Return and Registers of the Company, at the Corporate Office of the Company situated at B-9, Sector-3, Noida, Uttar Pradesh-201301 along with keeping and maintaining the same at Registered Office of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By order of the Board of Directors  
For RACL Geartech Limited**

**Place: Noida  
Date: 31<sup>st</sup> July, 2020**

**Shagun Bajpai  
Company Secretary & Compliance Officer**

**ACS: 45982  
B-9, Sector-3, Noida  
Gautam Buddh Nagar  
Uttar Pradesh- 201301**

## NOTES:

1. The explanatory statement, pursuant to Section 102 of the Companies Act, 2013 (“Act”), setting out material facts relating to the Special Businesses to be transacted at the Annual General Meeting (“AGM/ Meeting”) is annexed hereto. The Board of Directors of the Company at its meeting held on 31<sup>st</sup> July, 2020 considered that the special business under Item Nos. 4 to 7, being considered unavoidable, be transacted at the 37<sup>th</sup> AGM of the Company.

Additional information, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), with respect to appointment of the Statutory Auditors of the Company, as proposed under Item No. 3 of this Notice under Ordinary Business, is also provided in the Explanatory Statement.

2. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs vide its Circular dated 5<sup>th</sup> May, 2020 read with Circulars dated 8<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as “Circulars”), has introduced certain measures enabling companies to convene their AGM through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31<sup>st</sup> March, 2020 consisting of Standalone and Consolidated Financial Statements including Board’s Report, Auditors’ Report and other documents required to be attached therewith have been sent to the members on the E-mail IDs registered with the Company or the Registrar and Share Transfer Agent (“RTA”) or the Depository Participants(s) (“DP”) through electronic means and no physical copy of the Notice has been sent by the Company to any member.
3. In compliance with the said Circulars, the Company has also published a public notice by way of an advertisement made dated 11<sup>th</sup> August, 2020 in Mint and Jansatta, both having a wide circulation, inter alia, advising the members whose E-mail IDs are not registered with the Company, its RTA or DP, as the case may be, to register their E-mail IDs with them.
4. The members who have not yet registered their E-mail IDs with the Company may send their requests to MAS Services Limited, RTA of the Company, at [info@masserv.com](mailto:info@masserv.com) or [investor@raclgeartech.com](mailto:investor@raclgeartech.com) for registering their E-mail IDs on or before 13<sup>th</sup> September, 2020. The Company shall send the Notice to such members whose E-mail IDs get registered within the aforesaid time enabling them to participate in the meeting and cast their votes.
5. If there is any change in the E-mail ID already registered with the Company, members are requested to immediately notify such change to the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.
6. In line with the MCA Circulars and SEBI Circular, the Notice of the 37<sup>th</sup> AGM will be available on the website of the Company at [www.raclgeartech.com](http://www.raclgeartech.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com).
7. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
8. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for this AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting and for participation in the 37<sup>th</sup> AGM through VC/OAVM Facility.
9. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution/ authorization letter to the Company at [investor@raclgeartech.com](mailto:investor@raclgeartech.com) or [info@masserv.com](mailto:info@masserv.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
10. In accordance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and

amendments thereto and applicable provisions of the SEBI Listing Regulations, Central Depository Services Limited (“CDSL”) will be providing facility for voting through remote e-Voting along with the facility for participation in the AGM through VC/OAVM Facility and e-Voting during the 37<sup>th</sup> AGM.

11. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
12. The facility of e-Voting through the same portal, provided by CDSL, will be available during the Meeting through VC also to those Members who do not cast their votes by remote e-Voting prior to the Meeting. Members, who cast their votes by remote e-Voting, may attend the Meeting through VC but will not be entitled to cast their votes once again.
13. Members may join the AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 10:30 A.M. IST i.e. 30 minutes before the time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the AGM.
14. Members may note that the VC/OAVM Facility, provided by CDSL, allows participation of atleast 1,000 Members on a on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the AGM without any restriction on account of first-come first-served principle.
15. The Register of Members and Share Transfer Books of the Company shall remain closed from **Tuesday, 15<sup>th</sup> September, 2020 to Monday, 21<sup>st</sup> September, 2020** (both days inclusive) for the purpose of AGM.
16. The voting rights of members shall be in proportion to their shares in the Paid up Equity Share Capital of the Company as on the cut-off date i.e. **Monday, 14<sup>th</sup> September, 2020**. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
17. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
18. The Securities and Exchange Board of India (“SEBI”), vide its Notification dated 8<sup>th</sup> June, 2018 has mandated dematerialization of shares held in physical form for registration of transfer of shares of the Company w.e.f. 1<sup>st</sup> April, 2019. Hence, all shareholders acquiring shares in physical form are requested to dematerialize their shareholding before lodging for any transfer of shares.
19. SEBI has mandated to furnish copy of Permanent Account Number (“PAN”) to the Company/ Registrar and Share Transfer Agent of the Company (“RTA”) by the Members for registration of transmission/ transposition of shares of the Company in relation to securities market transactions and off- market/ private transactions in physical form of listed companies. Hence, all shareholders acquiring shares in physical form are requested to furnish a self- attested copy of PAN card alongwith their request for registration of transmission/ transposition of shares to the Company/ RTA.
20. All the documents referred to in the accompanying Notice of the 37<sup>th</sup> AGM and the Explanatory Statement along with the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, shall be available for inspection by the Company at the Registered Office of the Company, during normal business hours on any working day, except Saturday, upto the date of the Meeting.
21. Details as required in sub-regulation (3) of Regulation 36 of the Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI, in respect of the Directors seeking appointment/ re-appointment at the 37<sup>th</sup> AGM, forms integral part of the Notice of the 37<sup>th</sup> AGM. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.

22. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 37<sup>th</sup> AGM, from their registered E-mail address, mentioning their name, DP ID and Client ID /Folio Number and mobile number, to the Company’s E-mail address [investor@raclgeartech.com](mailto:investor@raclgeartech.com) by **15<sup>th</sup> September, 2020**. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
23. Members, who would like to ask questions during the 37<sup>th</sup> AGM with regard to the financial statements or any other matter to be placed at the 37<sup>th</sup> AGM, need to register themselves as a speaker by sending their request from their registered E-mail address mentioning their name, DP ID and Client ID /Folio Number and mobile number, to the Company’s E-mail address [investor@raclgeartech.com](mailto:investor@raclgeartech.com) by **15<sup>th</sup> September, 2020**. Those Members who have registered themselves as a speaker shall be allowed to ask questions during the 37<sup>th</sup> AGM, depending upon the availability of time.
24. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

**25. E-Voting and AGM through Video Conferencing:**

In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015, Regulation 44 of the Listing Regulations and SS-2 on issued by the ICSI, the Company is pleased to provide its Members the facility to exercise their right to vote at the 37<sup>th</sup> AGM by electronic means and the businesses may be transacted through e-Voting services provided by CDSL.

Further, in compliance with MCA Circulars, the Company provides the facility to attend the AGM through VC and OAVM.

The instructions are as under:

- (i) The shareholders need to visit the e-voting website <http://www.evotingindia.com/>.
- (ii) Click on “Shareholders” module.
- (iii) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is mentioned in E-mail.</li> </ul>
Dividend Bank Details OR Date of Birth DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to Login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the Depository or Company please enter the Member ID/ Folio Number in the Dividend Bank details field as mentioned in instruction (iii).</li> </ul>

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Shareholders holding shares in Physical Form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their Login Password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company for which they are eligible to vote, provided that the company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For shareholders holding shares in physical form, the details can be used only for remote e-Voting on the resolutions contained in this Notice.
- (x) Click on the **EVSN 200814016 for “RACL Geartech Limited”** on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same, the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution on which you have decided to vote, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If a demat account holder has forgotten the Login Password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**Process for those Shareholders who wish to obtain Login Credentials for E-Voting for the Resolutions Proposed in this Notice but whose E-mail Addresses are not registered with the Depositories:**

- a. For Physical shareholders- Kindly send an E-mail with a scanned request letter duly signed by 1<sup>st</sup> shareholder, scan copy of front and back of one share certificate, and copy of PAN card to [info@masserv.com](mailto:info@masserv.com)
- b. For Demat shareholders - Kindly update your E-mail id with your Depository Participant and send copy of Client Master to [info@masserv.com](mailto:info@masserv.com)

**Instructions for Joining Meeting through VC:**

- (i) To join the meeting, the shareholders should log on to the e-voting website <http://www.evotingindia.com/> and login as explained above. After logging-in, kindly click on ‘live streaming’ tab and you will be redirected to ‘cisco’ website.

- In the “Name” field -Put your name.
- In the “last name” field -Enter your Folio No. as informed in E-mail
- In the “E-mail ID” field -Put your E-mail ID
- In the “Event password” field -Put the password as “cdsl@1234”

Click join now button.

Event No. **200814016** will start and you will be in the AGM through Video conferencing.

You can join meeting through laptop, tablet, and desktop. In case you want to join through mobile, you need to

download the webex meet app from the respective play store.

**Pre-Requisite for Joining of Meeting through Desktop or Laptop:**

System requirement:

- Windows 7, 8 or 10
- I3
- Microphone, speaker
- Internet speed minimum 700 kbps
- Date and time of computer should be current date and time

**Pre-Requisite for Joining of Meeting through Mobile:** Please download webex application from play store

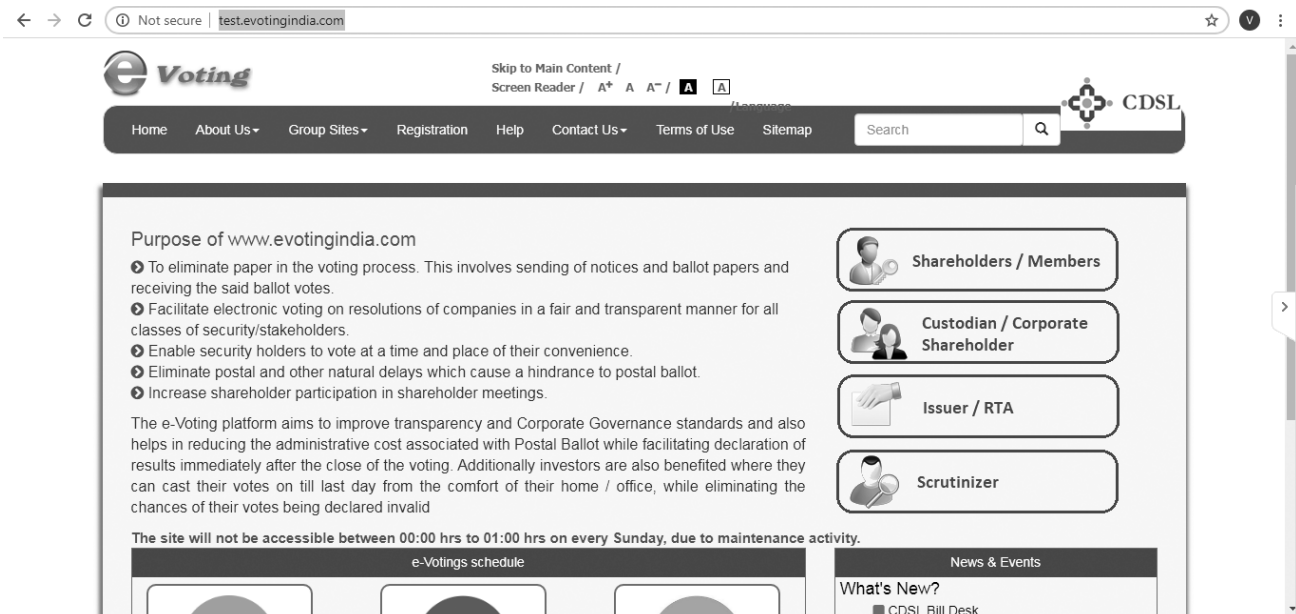
**NOTE:** IT IS ADVISABLE TO LOGIN BEFOREHAND AT THE E-VOTING SYSTEM AS EXPLAINED IN THE E-VOTING INSTRUCTIONS ABOVE, TO BE FAMILIAR WITH THE PROCEDURES, SO THAT YOU DO NOT FACE ANY TROUBLE WHILE LOGGING-IN DURING THE AGM.

**Procedure for E-Voting and Joining of Meeting through VC**

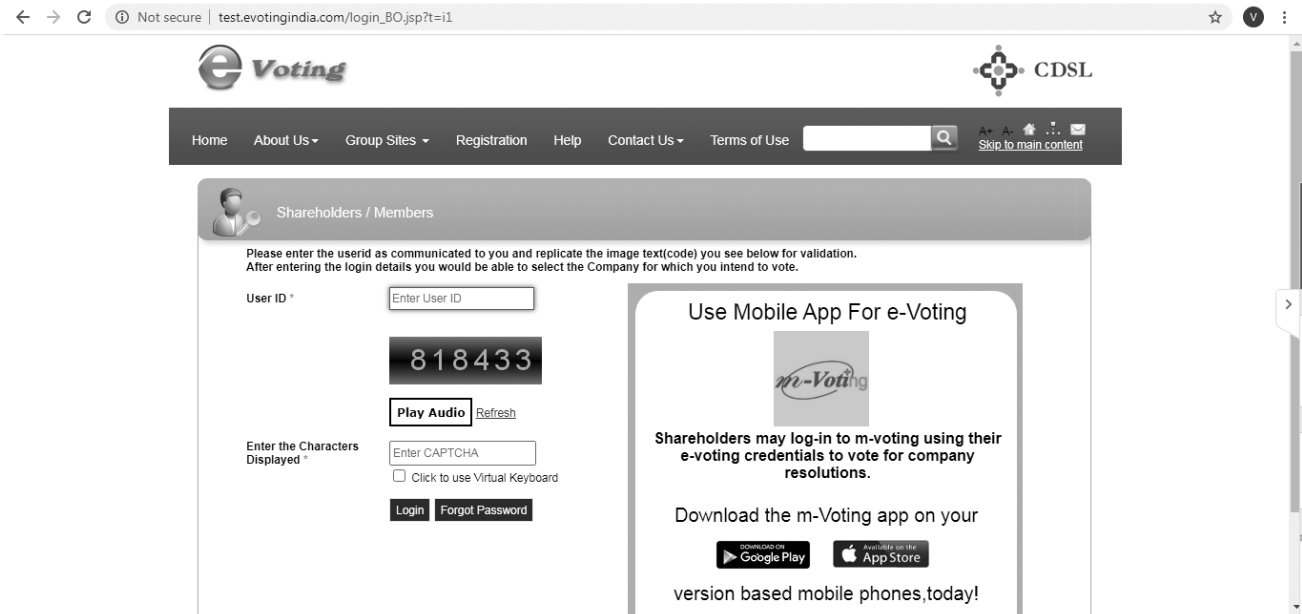
**(Explained using Screenshots):**

- i. The shareholders should log on to the e-voting website <http://www.evotingindia.com/>.

The screen will appear as below:

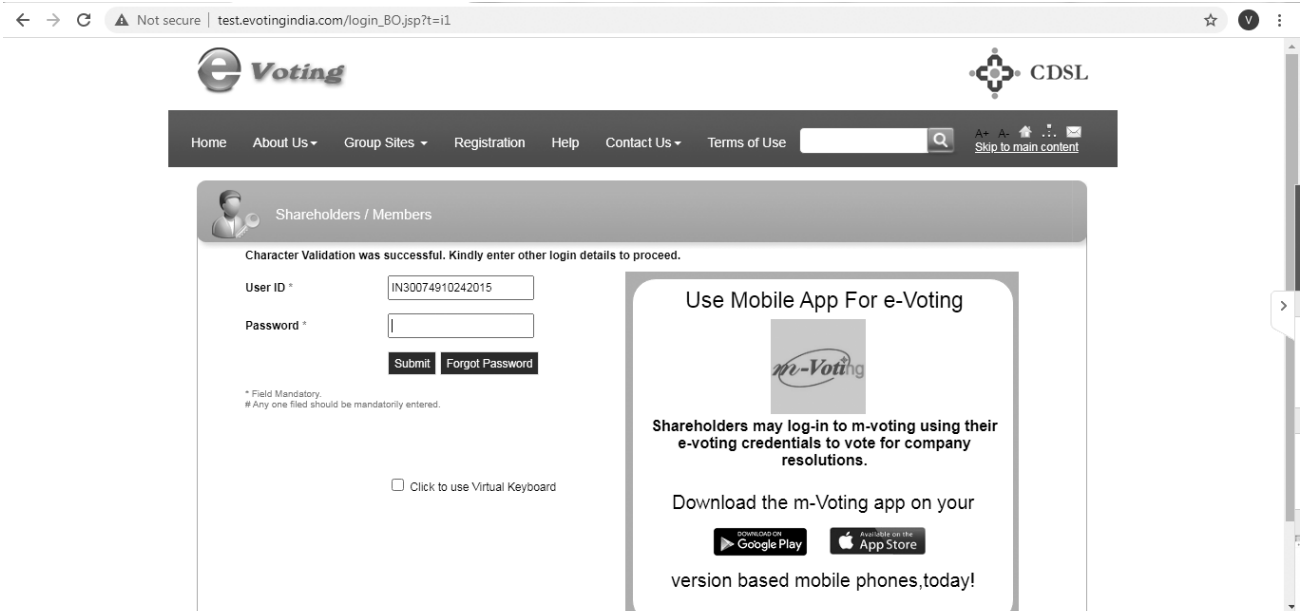


ii. Press Shareholders/Members tab, after which the below screen will be appear.



iii. Enter User ID as mentioned in your invite E-mail, or read point number (iii) as given above.

Since you are a registered user, below screen will be appear. Enter your existing CDSL password in password field.



iv. In case you are 1<sup>st</sup> time user of CDSL e-voting system, then below screen will be appear.

v. Enter your PAN and bank detail/DOB or follow instruction as given point number (vi) above or mentioned in invite E-mail; then below screen will be appear.

Voting Type	Live Streaming	EVSN	EVSN Type	Company	Start Date	End Date
Venue	Click here 10-Jun-2020 10:00	170410003	Postal Ballot	CDSL e-Voting Demo System55	07-Jun-2019 09:00 Hrs	09-Jun-2020 17:00 Hrs

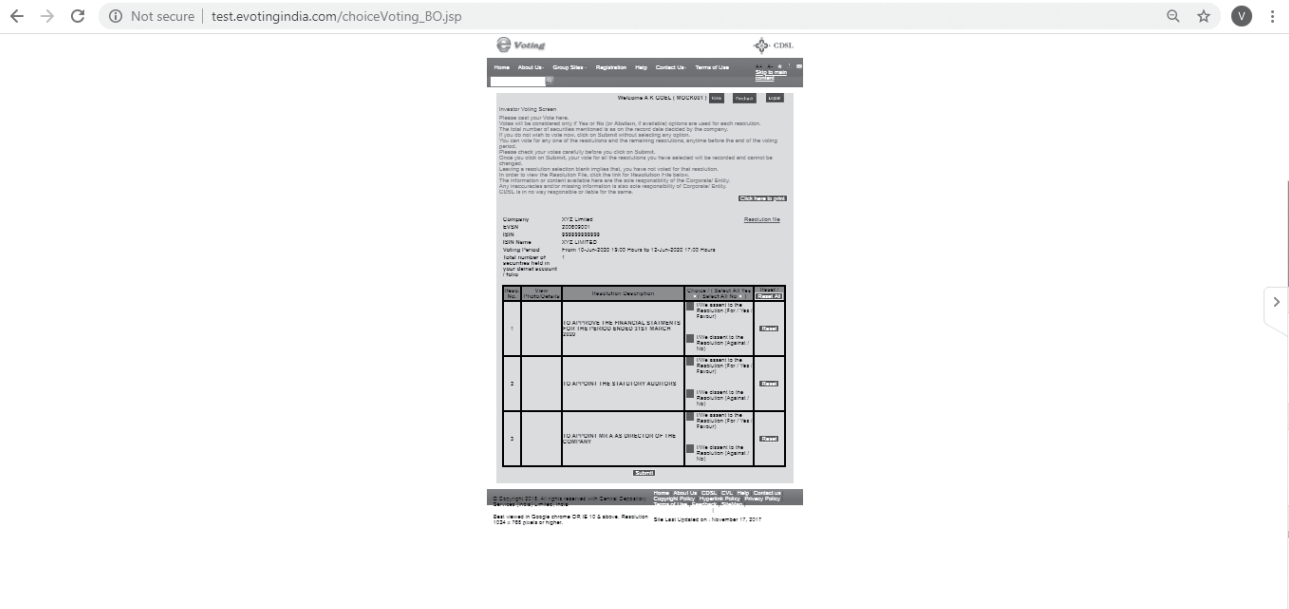
© Copyright 2018. All rights reserved with Central Depository Services (India) Limited, India  
Best viewed in Google chrome OR IE 10 & above. Resolution 1024 x 768 pixels or higher.

Home | About Us | CDSL | CVL | Help | Contact us | Copyright Policy | Hyperlink Policy | Privacy Policy | Terms of Use | Feedback | SiteMap | Helpdesk:1800225533 | Site Last Updated on - November 17, 2017

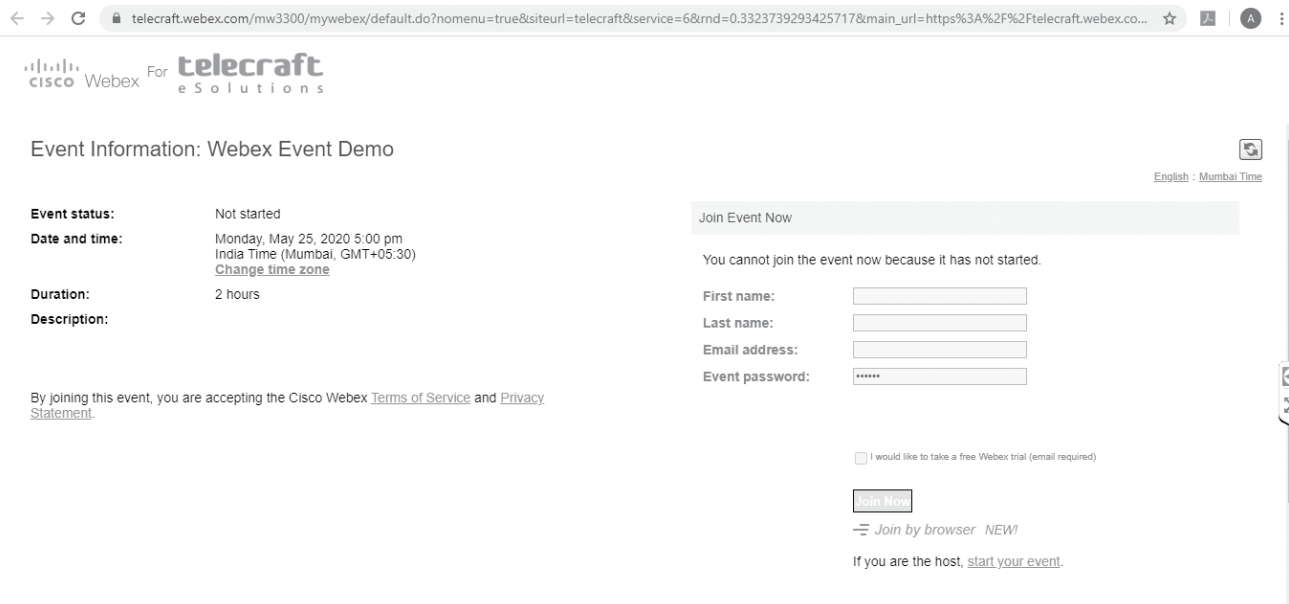


- vi. For e-Voting, press EVSN number given in EVSN column; and for joining AGM through video conferencing, click on “Click here” tab under the live streaming column.

E-voting screen will be shown as below, where you can cast your vote and press submit button given at the bottom of the screen.



Screen for login into Video Conferencing is shown below:



Fill the details as:

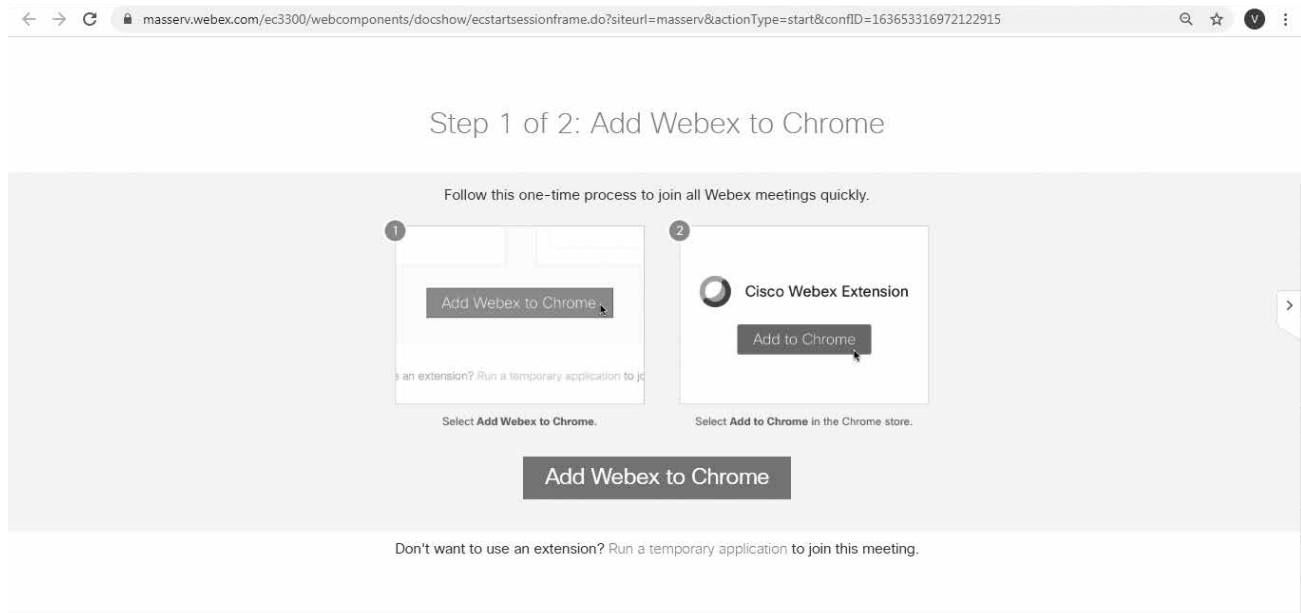
- In the “Name” field -Put your name.
- In the “last name” field -Enter your Folio No. as informed in E-mail
- In the “E-mail ID” field -Put your E-mail ID
- In the “Event password” field -Put the password as “cdsl@1234”

Click join now button.

Event No. **200814016** will start and you will be in the AGM through Video conferencing.

You can join meeting through laptop, tablet, and desktop. In case you want to join through mobile, you need to download the webex meet app from the respective play store.

vii. Once you click on ‘Join now’ tab, the following screen will be appear :



viii. Now, Kindly click on ‘Run a temporary application’, after which a Webex driver will get downloaded. After downloading webex driver, run the application and you will be directed to the AGM.

**General guidelines for shareholders**

a. The remote e-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for remote e-voting :

<b>Commencement of remote e-voting</b>	Friday, 18 <sup>th</sup> September, 2020 (09:00 A.M. IST)
<b>End of remote e-voting</b>	Sunday, 20 <sup>th</sup> September, 2020 (05:00 P.M. IST)

b. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of Notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at [info@masserv.com](mailto:info@masserv.com). However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing user ID and password for casting vote.

- c. The Board of Directors of the Company has appointed **K.K. Malhotra & Co., Company Secretaries** as the Scrutinizer to scrutinize the remote e-voting process as well as polling process in a fair and transparent manner.
- d. The Scrutinizer shall, immediately after conclusion of the AGM unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses not in the employment of the Company and make, not later than 3 (three) days of conclusion of the Meeting, a consolidated Scrutinizer's Report. The Scrutinizer shall submit his report to the Chairperson of the Company or a person authorized by him in writing.
- e. The Chairperson or in his absence, a person authorized by him in writing shall declare the results after receiving the Scrutinizer's Report.
- f. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.raclgeartech.com](http://www.raclgeartech.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) and communicated to BSE Limited, where the shares of the Company are listed.
- g. Since the AGM of the Company is being convened through VC and OAVM and the facility of remote e-voting is being provided to the shareholders, there shall be no voting by ballot papers.

**By order of the Board of Directors  
For RACL Geartech Limited**

**Place: Noida  
Date: 31<sup>st</sup> July, 2020**

**Shagun Bajpai  
Company Secretary & Compliance Officer  
ACS: 45982  
B-9, Sector-3, Noida  
Gautam Buddh Nagar  
Uttar Pradesh- 201301**

## **Explanatory Statement Pursuant To Section 102 (1) of The Companies Act, 2013**

### **ITEM NO. 03:**

Pursuant to Section 139 of the Companies Act, 2013 (“Act”), M/s. Gianender & Associates, Chartered Accountants (ICAI Firm Registration No. 004661N) were appointed for their 1<sup>st</sup> Term as the Statutory Auditors of the Company by the Members of the Company in the 34<sup>th</sup> Annual General Meeting (“AGM”) of the Company held on 28<sup>th</sup> September, 2017 to hold office until the conclusion of the 37<sup>th</sup> AGM. In accordance with the provisions of the Act, the Statutory Auditors can be appointed for maximum two terms upto 5 years each. The said auditors have completed their 1<sup>st</sup> Term of three years and can be appointed for another term. Accordingly, the Board of Directors, based on the recommendation of the Audit Committee, propose to re-appoint M/s. Gianender & Associates, Chartered Accountants (ICAI Firm Registration No. 004661N) as the Statutory Auditors of the Company to conduct the Audit of the Company for a period of 5 (five) years and hold office upto the conclusion of the 42<sup>nd</sup> AGM at a remuneration of ₹ 6,00,000.00 (Rupees Six Lakh only) for a financial year for statutory audit, issue of audit reports, issue of limited review reports and service relating thereto, exclusive of out of pocket expenses and applicable taxes.

As required under Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. Gianender & Associates, Chartered Accountants have confirmed and issued a certificate that their appointment, if made as aforesaid, will be in accordance within the limits specified under the Act and they meet the criteria for appointment as specified under Section 141 of the Act and they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

M/s. Gianender & Associates, Chartered Accountants, is a renowned firm with specialization in the field of Audit, Taxation, Valuations, Foreign Exchange regulations, Financial Advisory, Corporate Compliances and other allied areas. The firm has also been associated with some prominent names in both Public and Private Sector. The diverse portfolio of the Auditors shall benefit the Company in its future endeavors and hence, the Company proposes their re-appointment.

The Board of Directors, therefore, recommends the Ordinary Resolution at Item No. 03 of the Notice for approval by the Members of the Company

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution set out at Item No. 03 of this Notice.

### **ITEM NO. 04:**

Pursuant to the provisions of Sections 149 of the Companies Act, 2013 (“Act”), an Independent Director can be appointed for maximum 2 terms of upto 5 years each and is eligible for re-appointment for 2<sup>nd</sup> Term on passing of a Special Resolution.

Mr. Shashank Ramesh Anikhindi was appointed as the Non- Executive Independent Director for a term of 3 years with effect from 29<sup>th</sup> September, 2017 to hold office up to 28<sup>th</sup> September, 2020. The Board of Directors in its meeting held on 31<sup>st</sup> July, 2020, upon recommendation by the Nomination & Remuneration Committee, proposes to re-appoint Mr. Anikhindi for a 2<sup>nd</sup> Term of 5 years, to hold office upto 28<sup>th</sup> September, 2025.

The Company has received from him all statutory disclosures / declarations, along with a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

Mr. Anikhindi is an inspiring leader in the Indian Automobile circuit for the last 38 years and has been actively employed with Tata Motors, Hindustan Motors, Eicher Motors, Piaggio Vehicles, Asia Motors and Force Motors in various stints and capacities as Executive Director, President and CEO handling entire projects apart from his core – Material Procurement. In the opinion of the Board of Directors and the Nomination & Remuneration Committee, his appointment on the Board of the Company shall be beneficial for the Company and its stakeholders.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act.

Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Anikhindi has been received by the Company, and consent has been received from Mr. Anikhindi pursuant to Section 152 of the Act.

Accordingly, his appointment is placed for the approval of members. In compliance with the General circular number 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

Details of Mr. Anikhindi are provided in the “Annexure” to the Notice pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

The Board of Directors, therefore, recommends the Ordinary Resolution at Item No. 04 of the Notice for approval by the Members of the Company

Except Mr. Anikhindi & his relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution set out at Item No. 04 of this Notice.

#### **ITEM NO. 05:**

Pursuant to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013 (“Act”), an Additional Director is appointed by the Board of Directors (“Board”) to hold office upto the next General Meeting of the Company. Accordingly, Mr. Jagdish Keswani was appointed as an Additional Non-Executive Independent Director of the Company by the Board of Directors, upon the recommendation of the Nomination & Remuneration Committee of the Company w.e.f. 11<sup>th</sup> November, 2019, subject to the approval by the Members in the General Meeting.

The Board in its meeting held on 31<sup>st</sup> July, 2020, upon the recommendation of the Nomination & Remuneration Committee of the Company, proposes to confirm the appointment of Mr. Keswani for a period of 3 years commencing from 11<sup>th</sup> November, 2019 upto the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company.

The Company has received from him all statutory disclosures / declarations including a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

In the opinion of the Board of Directors and the Nomination & Remuneration Committee, Mr. Keswani, a Techno-commercial professional and a Strategic Planner & Implementer with an experience of over 39 years, predominantly in the automotive sector, and shall be of great value to the Company.

After the appointment of Mr. Keswani on the Board, 5 (five) Board Meetings were held and he has attended all Board Meetings held after his appointment as the Additional Independent Director.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act.

Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Keswani has been received by the Company, and consent has been received from Mr. Keswani pursuant to Section 152 of the Act.

Accordingly, the confirmation of his appointment is placed for the approval of members. In compliance with the General circular number 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

Details of Mr. Keswani are provided in the “Annexure” to the Notice pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

The Board of Directors, therefore, recommends the Ordinary Resolution at Item No. 05 of the Notice for approval by the Members of the Company.

Except Mr. Jagdish Keswani & his relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution set out at Item No. 05 of this Notice.

**ITEM NO. 06:**

Pursuant to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013 ("Act"), an Additional Director is appointed by the Board of Directors ("Board") to hold office upto the next General Meeting of the Company. Accordingly, Brig. H.P.S. Bedi (Retd.) was appointed as an Additional Non-Executive Independent Director of the Company by the Board of Directors, upon the recommendation of the Nomination & Remuneration Committee of the Company w.e.f. 29<sup>th</sup> June, 2020, subject to the approval by the Members in the General Meeting.

The Board in its meeting held on 31<sup>st</sup> July, 2020, upon the recommendation of the Nomination & Remuneration Committee of the Company, proposes to confirm the appointment of Brig. Bedi for a period of 3 years commencing from 29<sup>th</sup> June, 2020 upto the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company.

The Company has received from him all statutory disclosures/declarations including a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

Brig. Bedi is a Senior Army Veteran with 10 years of experience as a corporate professional. He has been associated with some prestigious projects and ventures along with being a CSR Enthusiast. In the opinion of the Board of Directors and the Nomination & Remuneration Committee, his appointment on the Board of the Company shall be beneficial for the Company and its stakeholders.

After the appointment of Brig. Bedi on the Board, 2 (two) Board Meetings were held and he has attended all the Board Meetings held since his appointment as the Additional Independent Director.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act.

Requisite Notice under Section 160 of the Act proposing the appointment of Brig. Bedi has been received by the Company, and consent has been received from Brig. Bedi pursuant to Section 152 of the Act.

Accordingly, his appointment is placed for the approval of members. In compliance with the General circular number 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

Details of Brig. Bedi are provided in the "Annexure" to the Notice pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The Board of Directors, therefore, recommends the Special Resolution at Item No. 06 of the Notice for approval by the Members of the Company

Except Brig. Bedi & his relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution set out at Item No. 06 of this Notice.

**ITEM NO. 07:**

Pursuant to the provisions of Section 94 of the Companies Act, 2013 and Rules made thereunder, the Annual Returns, Register of Members and Index of Members is required to be kept and maintained by the Company under Section 88 at the Registered Office of the Company.

Provided that such registers may also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the Company.

In view of the above, it is proposed to maintain the Annual Return and Registers of the Company and other documents of the Company at the Corporate office situated at B-9, Sector-3, Noida, Uttar Pradesh- 201301

along with maintaining the same at Registered Office of the Company i.e. 15<sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi-110019. In compliance with the General Circular number 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

The Board of Directors, therefore, recommends the Special Resolution at Item No. 07 of the Notice for approval by the Members of the Company

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution set out at Item No. 07 of this Notice.

**Brief Profile of the Directors seeking appointment/re-appointment in the 37<sup>th</sup> AGM in pursuance of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India:**

PARTICULARS	DETAILS OF THE DIRECTORS		
<b>Name</b>	Mr. Shashank Ramesh Anikhindi	Mr. Jagdish Keswani	Brig. H.P.S. Bedi (Retd.)
<b>Director's Identification Number (DIN)</b>	07787889	02146267	05217488
<b>Age</b>	64 Years	61 Years	67 Years
<b>Qualifications</b>	-Mechanical Engineering -Post Graduate in Industrial Management	-BE Hons. (Mechanical) -Master of Business Administration (Marketing)	-Bachelor of Commerce -Graduate from the Defence Services Staff College -Master of Defence Studies -Masters in Management Studies
<b>Date of first appointment on the Board</b>	27 <sup>th</sup> May, 2017	11 <sup>th</sup> November, 2019	29 <sup>th</sup> June, 2020
<b>Nature of Expertise in Specific Functional Area</b>	More than 38 Years in the Indian Automobile Circuit	More than 39 years of experience with P&L Responsibilities/ Business Development/ Marketing/ Operations, predominantly in the automotive sector	36 years of experience in the Indian Army and over 10 years of experience as a Corporate Professional
<b>List of Directorships held in other Companies</b>	-DTL India Holdings Ltd. -DTL Ancillaries Ltd. -Veanco Automotives Private Limited	-	-
<b>Chairmanship/Member-ship of Committees of other public Companies</b>	DTL India Holdings Ltd. Chairperson- Audit Committee	-	-
<b>Number of Shares held in the Company</b>	-	-	-
<b>Relationship between Directors inter-se</b>	-	-	-
<b>Last Salary Drawn (in ₹)</b>	-	-	-

The aforesaid Directors are Independent Directors and receive Sitting Fee for attending the Board and respective Committee Meetings of the Company.

## BOARD REPORT

Dear Shareholders,

Your Directors are pleased to present the 37<sup>th</sup> Report of Board of Director (“Board”) on the business and operations of RACL Geartech Limited (“Company”) together with its Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2020.

### FINANCIAL PERFORMANCE

The financial performance of the Company during the year under review is summarized below:

(₹ in Lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Revenue from Operations	<b>21232.92</b>	18995.12
Total Expenses	<b>19093.70</b>	17362.30
Finance Costs	<b>844.22</b>	637.59
Depreciation & Amortisation	<b>1127.73</b>	799.59
Profit before Tax	<b>2190.82</b>	1734.13
Tax Expenses:		
Current Tax	<b>(558.10)</b>	(509.89)
Deferred Tax	<b>65.25</b>	(247.00)
Total Comprehensive Income for the Period	<b>1636.27</b>	943.23
Earnings Per Share (₹)		
1. Basic	<b>15.33</b>	9.34
2. Diluted	<b>15.33</b>	9.34

### STATE OF AFFAIRS AND OPERATIONAL HIGHLIGHTS

During the year under review, the Revenue from operations of your Company for the year ended 31<sup>st</sup> March, 2020 stood at ₹ 21232.92 Lakh as compared to the revenue generation of ₹ 18995.12 Lakh in the previous year ended 31<sup>st</sup> March, 2019. The Company earned a Profit of ₹ 1636.27 Lakh, for the year ended 31<sup>st</sup> March, 2020 in comparison with the Profit of ₹ 943.23 Lakh earned in the previous year.

### TRANSFER TO RESERVES

The Company transferred ₹ 1636.27 to the Reserves for the Financial Year ended 31<sup>st</sup> March, 2020.

### SHARE CAPITAL

Pursuant to the Resolution passed by the Members of the Company in the Extra-Ordinary General Meeting of the Company held on 19<sup>th</sup> June, 2019, the Company issued and allotted 5,00,000 Equity Shares of ₹ 10.00 each at a Premium of ₹ 62.50 each to Mr. Gursharan Singh, Chairman & Managing Director of the Company on 3<sup>rd</sup> July, 2019 on Preferential basis through Private Placement, in compliance with Section 42 and 62 of the Companies Act, 2013, (“Act”) the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI Listing (Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) alongwith other applicable law(s) to the extent applicable on the Company in this regard. Subsequently, the Paid-up Share Capital of the Company increased from 1,02,81,600 Equity Shares to 1,07,81,600 Equity Shares of Face Value of ₹ 10.00 each.

### DIVIDEND

The Board of Directors of the Company had declared and paid an Interim Dividend @ 10% i.e. Re. 1.00 per share to its Shareholders on 2<sup>nd</sup> December, 2019. Considering the growing operations of the Company and expansion requirements, the Board of Directors considered to treat the said Interim Dividend paid by the Company as the Final Dividend for the financial year 2019-20.



## **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, 4 (four) meetings of the Board of Directors were held. For details of the meetings of the Board and Board Committees, please refer to the Corporate Governance Report, which forms part of this Report.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In compliance with the requirements of the Act and Listing Regulations, the Company, as on date, has 9 (Nine) Directors on Board with an optimum mix of Executive, Non Executive and Independent Directors.

During the year under review, Mr. Anil Sharma whose term expired, as an Independent Director on 28<sup>th</sup> September, 2019, was appointed as the Non- Executive Non-Independent Director w.e.f. 29<sup>th</sup> September, 2019. Subsequently, Mr. Jagdish Keswani was appointed as the Additional Independent Director in compliance with the requirements of the Listing Regulations.

During the year under review, Mr. Hitesh Kumar, Company Secretary and Compliance Officer, tendered his resignation from his position and was relieved from his services w.e.f. closure of business hours of 28<sup>th</sup> December, 2019. Subsequently, Ms. Shagun Bajpai was appointed as the Company Secretary and Compliance Officer w.e.f. 6<sup>th</sup> February, 2020 by the Board.

Brig. Harinder Pal Singh Bedi (Retd.) was recently added to the Board as the Additional Non-Executive Independent Director. His appointment along with Mr. Jagdish Keswani is required to be regularized in the ensuing Annual General Meeting (“AGM”) by the Shareholders, which is being put forth in the Notice of the AGM for their approval.

Further, Mr. Shashank Ramesh Anikhindi, Independent Director of the Company shall complete his first term on the Board. His re-appointment on the Board for a second term is being placed before the Shareholders for their approval.

Mr. Raj Kumar Kapoor shall complete his second term as an Independent Director and shall retire in compliance with Section 149 of the Act.

The details of the changes in the Board and Key Managerial Personnel that took place during the year under review and upto the date of this Report, are provided under Corporate Governance Report which forms part of this Report.

## **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors of the Company have given declarations confirming that they meet the criteria of independence as laid down under Section 149(6) of the Act, and Listing Regulations.

## **RELATION BETWEEN DIRECTORS INTERSE**

Except Mr. Gursharan Singh, Chairman & Managing Director and Mrs. Narinder Paul Kaur, Non-Executive Director, none of the Directors of the Company is related to the other Director or to any other employee of the Company.

## **COMMITTEES OF THE BOARD OF DIRECTORS**

Your Company has following Committees of Board of Directors:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders’ Relationship Committee;
4. Corporate Social Responsibility Committee; and
5. Financial Affairs Committee.

The role and composition of these Committees, including the number of meetings held during the year under

review and the related attendance, are provided under Corporate Governance Report which forms a part of this Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a. in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed and there are no material departures.
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as on 31<sup>st</sup> March, 2020 and of the Profit of the Company for the year ended 31<sup>st</sup> March, 2020.
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. they have prepared the annual accounts on a going concern basis.
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
- f. they have devised proper systems to ensure compliance the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **SUBSIDIARIES**

Your Company has one subsidiary namely, RACL Geartech GmbH which was incorporated in Austria in February, 2019. The consolidated financial statements presented by the Company include the financial information of RACL Geartech GmbH and have been prepared in compliance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

The Company has no Joint Venture or Associate Company. There has been no material change in the nature of the business of its subsidiary.

Pursuant to provisions of Section 129(3) of the Act, a separate statement containing the salient features of the financial statements of the Company's subsidiary in Form AOC-1 is attached with the financial statements of the Company.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate accounts in respect of RACL Geartech GmbH, are available on the website of the Company. The Company will make these documents available upon request made by any shareholder of the Company.

### **STATUTORY AUDITORS**

Pursuant to Section 139 of the Act and the Rules made thereunder, M/s. Gianender & Associates, Chartered Accounts (ICAI Firm Regn. No. 004661N) were appointed as the Statutory Auditors of the Company for a term of 3 (three) years with effect from the conclusion of 34<sup>th</sup> (Thirty Fourth) AGM upto the conclusion of the 37<sup>th</sup> (Thirty Seventh) AGM.

The first term of the said Statutory Auditors of the Company shall end at the conclusion of the ensuing AGM and the Board, on the recommendation of the Audit Committee of the Company, in its meeting held on 31<sup>st</sup> July, 2020 has approved the re- appointment of M/s. Gianender & Associates, Chartered Accounts (ICAI Firm Regn. No. 004661N) for another term of 5 (five) years and recommended the same to the Members for their approval in the 37<sup>th</sup> AGM of the Company.

As required under Section 139 of the Act and Companies (Audit and Auditors) Rules, 2014, M/s. Gianender

& Associates, Chartered Accountants have confirmed and issued a certificate that their appointment, if made as aforesaid, will be in accordance within the limits specified under the Act and they meet the criteria for appointment as specified under Section 141 of the Act and they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under Regulation 33 of the Listing Regulations.

## **AUDITORS' REPORT**

The Auditor Report of the Statutory Auditor is given as an annexure which forms part of the Annual Report.

## **SECRETARIAL AUDITOR**

As per Section 204 and other applicable provisions of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company appointed K. K. Malhotra & Co., Company Secretaries, as Secretarial Auditor of the Company for the financial year 2019-20.

The Secretarial Audit Report for the financial year 2019-20 is annexed as **Annexure-A** and the Report does not contain any qualification, reservation, adverse remark or disclaimer. However, the Secretarial Audit Report refers to the matter pending with BSE Ltd. in respect of the composition of Board. The said matter arose on account of misinterpretation of law and has been pleaded with BSE. The issue is sub-judice.

## **INTERNAL AUDITOR**

Pursuant to provisions of Section 138 of the Act, the Board of Directors at its Meeting held on 12<sup>th</sup> February, 2019 appointed Protiviti India Member Private Limited as Internal Auditors of the Company for a Period of 3 (Three) financial years commencing from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022.

The Internal Auditors of the Company provided their reports to the Audit Committee and Board of Directors periodically.

## **COST AUDIT AND MAINTENANCE OF COST RECORDS**

Pursuant to Companies (Cost Records and Audit) Amendment Rules, 2014 notified by the Ministry of Corporate Affairs (MCA) on 31<sup>st</sup> December, 2014, the Company is not mandatorily required to get its Cost Records for the financial year 2019-20 audited in terms of provisions of Section 148 of the Act and maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act, was also not required to be maintained by the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report, highlighting the performance and prospects of the Company's business, forms part of the Annual Report.

## **CORPORATE GOVERNANCE**

The Company is committed towards maintaining the highest standards of Corporate Governance and adhering to the disclosure norms as set out by the Securities and Exchange Board of India and other Regulatory Authorities. Your Directors re-affirm their commitment to the Corporate Governance standards to the extent they are applicable to the Company. In compliance with Regulation 34 of Listing Regulations, a detailed Corporate Governance Report is annexed to and forms a part of this Report.

A certificate from Mr. K. K. Malhotra, Practicing Company Secretary, regarding compliance conditions of Corporate Governance as stipulated in Regulation 34 read with Schedule V or other applicable provisions of the Listing Regulations has also been included in the Annual Report.

## **BOARD EVALUATION**

In terms of the Act and the rules made thereunder and as per the applicable provisions of the Listing Regulations, the Board of Directors, on recommendation of the Nomination and Remuneration Committee have evaluated

the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the year ended 31<sup>st</sup> March, 2020. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

#### **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of financial year i.e. 31<sup>st</sup> March, 2020 and the date of this report.

However, the Company had shut its plants and offices due to the Lockdown ordered by the Central Government amidst the Covid-19 pandemic. They were subsequently re-opened after the Lockdown was lifted, under Government guidelines. The Company took all necessary measures to ensure safety of the employees and workers of the Company. All safety protocols of temperature screening, wearing of safety gears, social distancing, sanitizing and washing hands are being adhered to very stringently.

#### **RELATED PARTY TRANSACTIONS**

All the related party transactions are entered on an arm's length basis and are in compliance with the applicable provisions of the Act and Listing Regulations. Pursuant to the provisions of Section 188 of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the details in Form AOC-2 is annexed with this Report as **Annexure- B**. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large. A statement of all related party transactions is presented before the Audit Committee on a periodic basis, specifying the nature, value and terms and conditions of the transactions. The Related Party Transactions Policy as approved by Board, on recommendation of the Audit Committee, is uploaded on the Company's website at [www.raclgeartech.com](http://www.raclgeartech.com).

#### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Your Company has an established system of internal controls. Comprehensive policies, guidelines and procedures are laid down for all business processes. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. The Board of Directors of your Company is satisfied with the Internal Financial Control process w.r.t. financial statement and other processes. Internal control environment of the Company is reliable with well documented framework to mitigate risks. A detailed analysis is provided in the Management Discussion and Analysis Report.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The Company is committed to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. The Board of Directors of the Company has constituted Corporate Social Responsibility ("CSR") Committee in compliance with Section 135 of the Act. The Company is committed to inclusive, sustainable development and contributing to building and sustaining economic, social and environmental capital and to pursue CSR projects that are replicable, scalable and sustainable with a significant multiplier impact on sustainable livelihood creation and environmental replenishment. The salient features of the CSR policy and initiatives taken by the Company on CSR activities during the year under review are provided in the **Annexure- C** of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR policy is available on the website of the Company at [www.raclgeartech.com](http://www.raclgeartech.com).

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND RESEARCH & DEVELOPMENT**

In accordance with the requirements of Section 134(3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, a statement showing particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are annexed hereto as **Annexure- D** and forms a part of this Report.

### **VIGIL MECHANISM**

In accordance with the provisions of the Act and Listing Regulations, the Company has adopted a Whistle Blower Policy, as part of Vigil Mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is an actual or suspected fraud or perceived to be in violation of or in conflict with the Code of Conduct of the Company. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also available on the website of the Company at [www.raclgeartech.com](http://www.raclgeartech.com).

### **EXTRACT OF ANNUAL RETURN**

In accordance with Sections 134 of the Act, an extract of the annual return in the prescribed format is annexed with the Annual Report as **Annexure- E** and is also available on the website of the Company viz. [www.raclgeartech.com](http://www.raclgeartech.com).

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the Notes to the Financial Statements.

### **PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure- F** to this Report.

### **REMUNERATION POLICY**

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy has been made available on the website of the Company i.e. [www.raclgeartech.com](http://www.raclgeartech.com). This Policy of the Company acts as a guideline for determining, inter alia, qualification, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of the performance of the Director, Key Managerial Personnel and Senior Management.

### **RISK MANAGEMENT**

The Company has identified potential risks and required mitigation measures. Major risks identified are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee of the Company. The Company has approved and adopted Risk Management Policy to enhance control mechanism for risk evaluation and mitigation and the risk management process.

### **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an anti-sexual harassment policy (i.e. Prevention of Sexual Harassment at Workplace) and Internal Committee in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Committee has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary and trainees) are covered under the aforesaid policy.

Pursuant to Regulation 34 read with Schedule V of Listing Regulations, required disclosures in relation to the

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the Corporate Governance Report.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future. However, BSE Limited imposed a fine of ₹ 2,41,900.00 on the Company on account of composition of the Board of Directors under Regulation 17 of the Listing Regulations (Appointment of Independent Director). The Company had pleaded against the levied penalty and the matter is sub-judice.

### **ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND-AS)**

In accordance with the Guidelines issued by MCA and SEBI vide circular CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016, the Company is mandatorily preparing its financial statements along with the financial results in accordance with IND-AS as notified by the MCA.

### **HEALTH, SAFETY AND ENVIRONMENT**

The absolute respect of Environment, Health and Safety (EHS) is on the top priority of RACL Geartech Limited.

RACL Geartech Limited gives importance to safety, health and well-being of its employees and all the people working for the Company. Your Company is working hard to reduce the number of accidents to Zero. The Company encourages and ensures not only its employees but also its subcontractors working on Company's plants as well as its suppliers for complying with occupational health and safety measures.

### **HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

Your Company considers people as its biggest assets and "Believing in People" is at the heart of its human resource strategy. Lot of efforts are put in for talent management, strong performance management, learning and training initiatives in order to ensure that your Company consistently develops inspiring strong and credible leadership. During the year under review, your Company continued to have cordial relationship with all its employees and maintained healthy, cordial and harmonious industrial relations at all levels.

### **GENERAL DISCLOSURES**

During the year under review your Directors state that the disclosure or reporting is required in respect of the following items:

1. Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
2. Company has not issued any shares with differential rights, sweat equity shares, ESOS etc. to employees of the Company or to others under any scheme.
3. Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.
4. There has been no change in the nature of business of the Company during the financial year 2019-20.
5. Unclaimed Shares: As on 31<sup>st</sup> March, 2020 the Company does not have any unclaimed shares.
6. The annual listing fee for the year under review has been paid to the stock exchange i.e. BSE Limited, where your Company's shares are listed.
7. During the year under review there was no fraud in the company which was reportable to the Central Government and there was no fraud reported by the Auditors to the Company under sub-section (12) of Section 143 or other applicable provisions of the Act.

### **ACKNOWLEDGMENTS**

Your Directors take this opportunity to thank the Customers, Employees, Financial Institutions, Banks, Central



and State Government Authorities, Regulatory Authorities, Stock Exchanges and all the various stakeholders for their continued co-operation and support to the Company who all made our consistent growth possible.

Your Directors also wish to record their appreciation for the continued co-operation and support extended by the governments of various countries where we have our operations.

**For and on behalf of the Board of Directors  
For RACL Geartech Limited**

**Place: Noida  
Date: 31<sup>st</sup> July, 2020**

**Gursharan Singh  
Chairman and Managing Director  
DIN: 00057602**

## **ANNEXURE- A TO THE BOARD REPORT**

### **FORM NO. MR-3 SECRETARIAL AUDIT REPORT**

For The Financial Year Ended 31<sup>st</sup> March, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014] and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
**The Members,**  
**RACL Geartech Limited**  
**15<sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi -110019**  
**CIN: L34300DL1983PLC016136**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by RACL Geartech Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period ended on 31<sup>st</sup> March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by RACL Geartech Limited for the period ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We further report that with respect to the compliance of the below mentioned laws, we have relied on the compliance system prevailing in the Company and on the basis of representation received from the management:-



- I. The Employees State Insurance Act, 1948
- II. Employees Provident Fund and Miscellaneous Provisions Act, 1952.
- III. Environment Protection Act, 1986 and other environmental Laws.
- IV. Air (Prevention and Control of Pollution) Act, 1981.
- V. Factories Act, 1948.
- VI. Industrial Dispute Act, 1947.
- VII. Payment of Wages Act, 1936 and other applicable labour laws.
- VIII. The Micro, Small and Medium Enterprise Development Act, (MSMED)2006
- IX. Other laws as applicable to the Company other than taxation laws.

**We have also examined compliance with the applicable clauses/provisions of the following:**

- i. Secretarial Standards issued by The Institute of Company Secretaries of India have been followed by the Company.
- ii. SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the Listing agreement entered by the Company with the Stock Exchange i.e. BSE Limited.

During the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 etc.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the applicable Act(s) or Regulation(s), if any.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the Provisions of the applicable act(s) and standard(s) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views has been recorded.

**We Further Report that during the Audit Period:**

- a. The Company has issued and allotted 5,00,000 Equity Shares of the face value of ₹10/- each on Preferential allotment basis through Private Placement on 3<sup>rd</sup> July 2019, at a Price of ₹ 72.50/- (Including a premium of ₹ 62.50/-) per Equity Share to Mr. Gursharan Singh, Chairman & Managing Director of the Company, as per provision of Section 42 and 62 of the Companies Act, 2013, The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or as amended from time to time, SEBI (Listing Obligations and Disclosure Requirements) 2015 and any other act(s) or regulation(s), if any to the extent applicable on the Company in this regard are complied with.
- b. RACL Geartech Limited had incorporated its wholly owned subsidiary company i.e. RACL Geartech GmbH at Austria on 28.02.2019. The Company started its operations in the subsidiary company in the 2<sup>nd</sup> quarter of the financial year ended 31.03.2020 by hosting an inaugural ceremony on 12<sup>th</sup> July, 2019.
- c. During the year under review, there were changes in the composition of the Board due to retirement of one independent director and appointment of another independent director for the vacancy created. Though

the Company had complied with the provisions SEBI (LODR) Regulations, 2015, the Stock Exchange had some reservations on the compliances done by the Company and hence it imposed a penalty on the Company under Regulation 17(1) of SEBI (LODR) Regulation, 2015. Representations were made by the Company to the Stock Exchange and it reduced the penalty amount to ₹ 2,41,900 (2,05,000 + GST 36900). The Company further submitted their representations to the Stock Exchange explaining their stand and pleaded that they had complied with all requirements as applicable as per their interpretation of law and non-compliance, if any, was unintentional and inadvertent and requested to waive off the penalty completely. As per the information provided by the management, as on the date of submission of this report, the matter is sub-judice.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Place: New Delhi**  
**Date: 23<sup>rd</sup> June, 2020**

**For K.K. Malhotra & Co.**  
**Company Secretaries**

**K.K. Malhotra (Proprietor)**  
**FCS No. 1410, C.P No. 446**  
**UDIN:-F001410B000368854**

Note: This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

## **ANNEXURE- A**

**To,  
The Members,  
RACL Geartech Limited  
15<sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi -110019  
CIN: L34300DL1983PLC016136**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

**Place: New Delhi  
Date: 23<sup>rd</sup> June, 2020**

**For K.K. Malhotra & Co.  
Company Secretaries**

**K.K. Malhotra (Proprietor)  
FCS No. 1410, C.P No. 446  
UDIN:-F001410B000368854**

## ANNEUXRE- B TO THE BOARD REPORT

### FORM NO. AOC-2

**(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

#### 1. Details of contracts or arrangements or transactions not at Arm's length basis :

The Company has not entered into any contract/arrangement/transaction with its related parties which are not in ordinary course of business not at arm's length during the financial year ended 31<sup>st</sup> March, 2020. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 and the corresponding Rules.

S. No	Particulars	Details
a)	Names (s) of the related party & nature of relationship	NA
b)	Nature of contracts/arrangements/transaction	NA
c)	Duration of the contracts/arrangements /transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Justification for entering into such contracts or arrangements or transactions	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required Nil under first proviso to Section 188	NA

#### 2. Details of material contracts or arrangements or transactions at Arm's Length basis:

The Company has not entered into any material contract/arrangement/transaction with its related parties.

S. No	Particulars	Details
a)	Name (s) of the related party and nature of relationship	NA
b)	Nature of contracts/arrangements/transactions	NA
c)	Duration of the contracts/arrangements/transactions	NA
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NA
e)	Date of approval by the Board	NA
f)	Amount paid as advances, if any	NA

For RACL Geartech Limited

**Gursharan Singh**  
Chairman and Managing Director  
DIN: 00057602

Place: Noida

Date: 31<sup>st</sup> July, 2020

## ANNEXURE- C TO THE BOARD REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

#### 1. Brief Outline of the Company’s CSR Policy, including overview of projects or programmes undertaken

The Company has framed a Corporate Social Responsibility (CSR) Policy in compliance with Section 135 of the Companies Act, 2013 and is available on the Website of the Company at [www.raclgeartech.com](http://www.raclgeartech.com).

#### 2. Composition of CSR Committee: The CSR Committee was re-constituted by the Board of Directors in its meeting held on 31<sup>st</sup> July, 2020 in the following manner:

- 1) Mr. Raj Kumar Kapoor- Chairperson
- 2) Mrs. Narinder Paul Kaur- Member
- 3) Mr. Anil Sharma- Member
- 4) Brig. Harinder Pal Singh Bedi- Member

#### 3. Average net profit of the Company for last three financial years for the purpose of computation of CSR: ₹ 914.63 Lakh

#### 4. Prescribed CSR expenditure: ₹ 18.29 Lakh

#### 5. Details of the Expenditure on CSR during the financial year 2019-20 (Upto the date of the Report):

- a) Total amount proposed to be spent for the financial year : ₹ 26.96 Lakhs (₹ 18.29 attributed to F.Y. 2019-20 and unspent amount of ₹ 8.67 of F.Y. 2018-19)
- b) Total amount spent on CSR: ₹ 24.64 Lakhs
- c) Amount unspent, if any : ₹ 2.32 Lakhs

#### 6. Manner in which the amount spent during the financial year is detailed below:

(Amount in Lakhs)

1	2	3	4	5	6	7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or Programme wise	Amount spent on the project or programme, Sub Heads; (1) Direct expenditure on projects or programmes (2)Overheads	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
1.	Promoting Education	Clause(ii) of Schedule VII	Noida & Gajraula	-	16.71	-	Direct
2.	Eradication of Hunger and Poverty	Clause(i) of Schedule VII	Noida & Gajraula	-	1.83	-	Direct
3.	Women Empowerment	Clause(iii) of Schedule VII	Noida & Gajraula	-	2.88	-	Direct
4.	Sanitation	Clause(i) of Schedule VII	Noida & Gajraula	-	0.96	-	Direct
5.	Covid Relief & Medical Aid	Clause(viii) & (i) of Schedule VII	Delhi	-	2.25	-	Direct
<b>TOTAL</b>					<b>24.64</b>		

7. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial year or any part thereof, the Company shall provide the reason for not spending the amount in the Board Report :**

The projects undertaken under Point No. 6 are ongoing projects of the Company and are carried out on a regular basis. The unspent amount of ₹ 2.32 Lakh of financial year 2019-20 will be incurred in the current financial year 2020-21 for the aforesaid projects.

8. **Responsibility Statement:** The CSR committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and the CSR policy of the Company. Proper monitoring and review mechanism is in place and is led by the Chairman of the CSR Committee, who is an Independent Director.

**Place: Noida**

**Date: 31<sup>st</sup> July, 2020**

**Gursharan Singh**  
**Chairman & Managing Director**  
**DIN: 00057602**

**Raj Kumar Kapoor**  
**Chairperson of CSR Committee**  
**DIN: 00110338**

## **ANNEXURE- D TO THE BOARD REPORT**

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules 2014 are provided hereunder:

### **A. CONSERVATION OF ENERGY**

#### **(i) Steps taken or impact on conservation of energy:-**

Compressed air consumes a lot of energy. Hence, we worked on air leakages and monitored consumption at many locations. By stopping leakages, we saved ₹ 5,17,322/- in plant. This is a regular exercise & improvement will continue in future too.

#### **(ii) Steps taken by the Company for utilizing alternate sources of energy :-**

- a) The Company used flood lights (HPMV lights) at different locations of the plant, which consumed high energy. So, these lights were replaced by LED lights to get better illumination & also high cost saving. By, this method, we saved almost ₹ 6.00 Lakh in 2019-20.
- b) In our Heat Treatment shop, we were using low efficiency burners in our very old furnaces & hence fuel (LPG) consumption was very high. Now, in 2019-20, we modified one of our old furnace & replaced low efficient burners (40% Efficiency) by highly efficiency burners (85% efficiency), which resulted into a major saving of ₹ 36.65 lakh per year.

#### **(iii) Capital Investment on energy conservation equipments:-**

- a) Air consumption monitoring system = ₹ 0.25 lakh
- b) Purchase of LED lights = ₹ 6.46 lakh
- c) Modification of furnace = ₹ 60.00 lakh

### **B. TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION, BENEFITS AND FUTURE PLANS OF ACTIONS**

#### **(i) The efforts made towards technology absorption;**

- a) Dry & wet hobbing machines from Mitsubishi, procured in 2019-20 have increased productivity, quality level, environmental conditions (oil free floor) and almost zero break downs.
- b) Laser cutting machine has reduced our slot/window cycle time substantially against our old technology of VMC machines.
- c) Highly efficient burner replacement in sealed quench furnace has resulted into high energy saving.
- d) High speed production & very high quality through CBN Double Spindle Grinding technology from Germany.
- e) High speed gear shaping machine from Samputensili, Italy, which can be programmed for any helix angle without any need of mechanical guide.
- f) Automatic gear roll testing machine, procured from Calibro Measure, Aurangabad, provides error proofing & automatic NG product identification i.e. no flow of bad part to customers.

#### **(ii) The benefits derived like product improvement, cost reduction, product development or import substitution;**

- a) Substantial saving is being observed by replacing imported toolings (fixtures, etc.) by producing in-house in our tool room.
- b) Pneumatic clamping fixtures have been developed in-house by our tool room against old manual clamping of fixtures, which saved cycle time as well as provided mistake proofing for rejections.
- c) Receiver gauges, which were procured externally with high cost, are being manufactured in-house through in-house VMC machines.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**

- (a) the details of technology imported:
  - i) CBN Double Spindle Grinding Machine from Junker, Germany
  - ii) Samputensili Helical Shaper from Italy
  - iii) Laser Cutting Machine From China
- (b) The year of import: 2019
- (c) Whether the technology been fully absorbed: YES
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N/A

**(iv) The expenditure incurred on Research and Development. :- N/A**

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earned in terms of actual inflows during the year and Foreign Exchange Outgo during the year in terms of actual outflows:

Particulars	Amount (₹ in Lakh)
Foreign Exchange Earnings	14237.49
Foreign Exchange Outgo	1608.59

**For RACL Geartech Limited**  
**Gursharan Singh**  
**Chairman and Managing Director**  
**DIN: 00057602**

**Place: Noida**  
**Date: 31<sup>st</sup> July, 2020**



## ANNEXURE- E TO THE BOARD REPORT

### FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	:	L34300DL1983PLC016136
ii) Registration Date	:	July 14, 1983
iii) Name of the Company	:	RACL Geartech Limited
iv) Category / Sub-Category of the Company	:	Public Company Limited by Shares/ Indian Non-Government company
v) Address of the Registered office and contact details	:	15 <sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi – 110 019, India Phone: +91-11-66155129
vi) Whether listed company Yes / No	:	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	MAS Services Limited T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area – II, New Delhi -110020 Phone: +91-11-26387281-82-83 Fax: +91-11-26387384

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product	% to total turnover of the Company
1.	Automotive Gears and Components	Group 293 - Manufacture of parts and accessories for motor vehicles	100.00%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY

S. No.	Name and Address of the Company	CIN/GLN *	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section
1	RACL Geartech GmbH, Austria	-	Wholly Owned Subsidiary	100%	2(87)(ii)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (1 April 2019)			No. of Shares held at the end of the year (31 March 2020)			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
<b>(1) Indian</b>							
a) Individual/ HUF	3710916	0	3710916	4194128	0	4194128	2.81
b) Central Govt. or State Govt(s).	0	0	0	0	0	0	0.00
c) Bodies Corporate	37137	0	37137	37137	0	37137	-0.02
d) Banks / FI	1503300	0	1503300	1503300	0	1503300	0.00
e) Any Other	0	0	0	0	0	0	0.00
<b>Sub Total (A) (1)</b>	<b>5251353</b>	<b>0</b>	<b>5251353</b>	<b>5734565</b>	<b>0</b>	<b>5734565</b>	<b>2.79</b>
<b>(2) Foreign</b>							
a) NRIs- Individuals	0	0	0	0	0	0	0.00
b) Other - Individuals	0	0	0	0	0	0	0.00
c) Bodies Corporate	0	0	0	0	0	0	0.00
d) Banks / FI	0	0	0	0	0	0	0.00
e) Any Other	0	0	0	0	0	0	0.00
<b>Sub Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A) (2)</b>	<b>5251353</b>	<b>0</b>	<b>5251353</b>	<b>5734565</b>	<b>0</b>	<b>5734565</b>	<b>2.79</b>
<b>B. Public Shareholding</b>							
<b>1. Institutions</b>							
a) Mutual Funds	0	0	0	0	0	0	0.00
b) Banks /FI	500	0	500	500	0	500	0.00
c) Central Govt. or State Govt(s).	0	0	0	0	0	0	0.00
d) Venture Capital Funds	0	0	0	0	0	0	0.00
e) Insurance Companies	0	0	0	0	0	0	0.00
f) FIIIs	0	0	0	0	0	0	0.00

Category of Shareholders	No. of Shares held at the beginning of the year (1 April 2019)				No. of Shares held at the end of the year (31 March 2020)				% Change during the year	
	Physical		% of Total Shares		Physical		% of Total Shares			
	Demat	Total	Demat	Total	Demat	Total	Demat	Total		
g) Foreign Venture Capital Funds	0	0	0.00	0	0	0	0.00	0	0.00	0.00
h) Others (specify)	0	0	0.00	0	0	0	0.00	0	0.00	0.00
<b>Sub-Total (B) (1)</b>	<b>500</b>	<b>-</b>	<b>0.01</b>	<b>500</b>	<b>-</b>	<b>500</b>	<b>0.01</b>	<b>500</b>	<b>0.01</b>	<b>-</b>
<b>2. Non-institutions</b>										
a) Bodies Corporate	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(i) Indian	206059	7601	213660	2.08	287732	7601	295333	2.74	2.74	0.66
(ii) Overseas	0	1000000	1000000	9.73	870000	0	870000	8.07	8.07	0.00
b) Individuals	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(i) Individual shareholders holding nominal share capital upto Rs. 2 Lakhs	2127623	613390	2741013	26.65	2439380	595790	3035170	28.15	28.15	1.50
(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	920673	0	920673	8.95	648232	4000	652232	6.05	6.05	-2.90
c) Others (specify)										
(c-i) Public Trusts	300	0	300	0.01	300	0	300	0.00	0.00	-0.01
(c-ii) NRI/OCB's	75979	21600	97579	0.95	117056	21600	138656	1.29	1.29	0.34
(c-iii) Clearing members	56522	0	56522	0.55	54844	0	54844	0.51	0.51	-0.04
<b>Sub Total (B) (2)</b>	<b>3387156</b>	<b>1642591</b>	<b>5029747</b>	<b>48.92</b>	<b>4417544</b>	<b>628991</b>	<b>5046535</b>	<b>46.81</b>	<b>46.81</b>	<b>-2.11</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>3387656</b>	<b>1642591</b>	<b>5030247</b>	<b>48.93</b>	<b>4418044</b>	<b>628991</b>	<b>5047035</b>	<b>46.82</b>	<b>46.82</b>	<b>-2.11</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0.00	0	0	0	0.00	0	0.00	0.00
<b>Grand Total A+B+C</b>	<b>8639009</b>	<b>1642591</b>	<b>10281600</b>	<b>100.00</b>	<b>10152609</b>	<b>628991</b>	<b>10781600</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

S. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1 April 2019)		Shareholding at the end of the year (As on 31 March 2020)		% of change in shareholding during the year
		No. of Shares	% of Total shares of the company	No. of Shares	% of Total shares of the company	
1	Gursharan Singh	3429097	33.35	3929097	36.44	3.09
2	The Pradeshiya Industrial and Investment Corporation of U.P. Ltd.	1503300	14.62	1503300	13.94	
3	Dev Raj Aya	225369	2.19	236273	2.19	0.00
4	Aadhar Infosystems Private Limited	37137	0.36	37137	0.34	-0.02
5	Narinder Paul Kaur	19794	0.19	21794	0.20	0.01
6	Raj Aya	33036	0.32	6964	0.06	-0.26
7	Prabh Mehar Singh	3620	0.04	0	0.00	-0.04
	<b>Total</b>	<b>5251353</b>	<b>51.07</b>	<b>5734565</b>	<b>53.17</b>	<b>2.10</b>

**(iii) Change in Promoters' Shareholding**

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year		Cumulative shareholding during the year	
		No. of Shares	% of Total shares of the company	Date	Increase/ decrease during the year	No. of Shares	% of Total Shares of the Company
1	<b>GURSHARAN SINGH</b>						
	At the beginning of the year	3429097	33.35	3/7/2019	500000	3929097	36.44
	<b>At the end of the year</b>					<b>3929097</b>	<b>36.44</b>
2	<b>NARINDER PAUL KAUR</b>						
	At the beginning of the year	19794	0.19	18/03/2020	2000	21794	0.20
	<b>At the end of the year</b>					<b>21794</b>	<b>0.20</b>

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year			Cumulative shareholding during the year	
		No. of Shares	% of Total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of Total Shares of the Company
3	<b>DEV RAJ ARYA</b> At the beginning of the year	225369	2.19	7/6/2019	6904	Transfer	232273	2.15
				30/09/2019	4000	Transfer	236273	2.19
				20/03/2020	-2000	Transfer	234273	2.17
				27/03/2020	2000	Transfer	236273	2.19
							<b>236273</b>	<b>2.19</b>
4	<b>RAJ ARYA</b> At the beginning of the year	33036	0.32	05/04/2019	-2000	Transfer	31036	0.29
				12/7/2019	-15595	Transfer	15441	0.14
				30/09/2019	3826	Transfer	19267	0.18
				22/11/2019	-1000	Transfer	18267	0.17
				29/11/2019	-1077	Transfer	17190	0.16
				06/12/2019	-4900	Transfer	12290	0.11
				20/12/2019	-8122	Transfer	4168	0.04
				27/12/2019	-3000	Transfer	1168	0.01
				31/12/2019	-410	Transfer	758	0.01
				6/3/2020	-5	Transfer	753	0.01
				13/03/2020	6000	Transfer	6753	0.06
5	<b>PRABH MEHAR SINGH</b> At the beginning of the year			27/03/2020	211	Transfer	6964	0.06
							<b>6964</b>	<b>0.06</b>
							<b>0</b>	<b>0.00</b>

**(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2019 to 31 March 2020)	
		No. of Shares	% of total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of total shares of the company
1.	<b>MIDDLEWARE DEVELOPMENT LIMITED</b> At the beginning of the year	1000000	9.73		-2000	Sale	998000	9.26
				06/12/2019	-1001	Sale	996999	9.25
				20/12/2019	-82518	Sale	914481	8.48
				27/12/2019	-44481	Sale	870000	8.07
							<b>870000</b>	<b>8.07</b>
2	<b>RAJ KUMAR LOHIA</b> At the beginning of the year	192982	1.88		-3115	Sale	189867	1.85
				16/08/2019	-15000	Sale	174867	1.62
				15/11/2019	-1956	Sale	172911	1.60
				22/11/2019	-5155	Sale	167756	1.56
				31/12/2019	-2000	Sale	165756	1.54
				30/01/2020	-2760	Sale	162996	1.51
					<b>162996</b>	<b>1.51</b>		

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2019 to 31 March 2020)	
		No. of Shares	% of total shares of the company	Date	Increase/decrease during the year	Reason	No. of Shares	% of total shares of the company
3	<b>SATYA PRAKASH MITTAL</b>							
	At the beginning of the year	94869	2.95	05/04/2019	458	Purchase	95327	0.92
				12/04/2019	152	Purchase	95479	0.93
				19/04/2019	2335	Purchase	97814	0.95
				26/04/2019	1134	Purchase	98948	0.96
				10/05/2019	1052	Purchase	100000	0.97
				28/06/2019	15	Purchase	100015	0.97
				16/08/2019	15	Purchase	100030	0.93
				20/09/2019	9832	Purchase	109862	1.02
				27/09/2019	89	Purchase	109951	1.02
				04/10/2019	-203	Sale	109748	1.02
				18/10/2019	252	Purchase	110000	1.02
				25/10/2019	834	Purchase	110834	1.03
				01/11/2019	153	Purchase	110987	1.03
				15/11/2019	150	Purchase	111137	1.03
				31/12/2019	65	Purchase	111202	1.03
				07/02/2020	-163	Sale	111039	1.03
				20/03/2020	88	Purchase	111127	1.03
	<b>At the end of the year</b>						<b>111127</b>	<b>1.03</b>

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2019 to 31 March 2020)		
		No. of Shares	% of total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of total shares of the company	
4	<b>OPENXCELL TECHNOLOGIES PVT LTD</b>								
		At the beginning of the year	0	0.00	05/04/2019	23249	Purchase	23249	0.23
					12/04/2019	29158	Purchase	52407	0.51
					26/04/2019	4000	Purchase	56407	0.55
					03/05/2019	2000	Purchase	58407	0.57
					10/05/2019	10635	Purchase	69042	0.67
					31/05/2019	5000	Purchase	74042	0.72
					21/06/2019	3617	Purchase	77659	0.76
					28/06/2019	5600	Purchase	83259	0.81
					24/01/2020	5598	Purchase	88857	0.82
					31/03/2020	-69	Sale	88788	0.82
	<b>At the end of the year</b>						<b>88788</b>	<b>0.82</b>	



S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2019 to 31 March 2020)	
		No. of Shares	% of total shares of the company	Date	Increase/decrease during the year	Reason	No. of Shares	% of total shares of the company
5	<b>AYUSH MITTAL</b>							
	At the beginning of the year	24080	0.23	10/05/2019	10468	Purchase	34548	0.34
				17/05/2019	1205	Purchase	35753	0.35
				24/05/2019	9219	Purchase	44972	0.44
				31/05/2019	1210	Purchase	46182	0.45
				21/06/2019	2692	Purchase	48874	0.48
				16/08/2019	40	Purchase	48914	0.45
				18/10/2019	150	Purchase	49064	0.46
				25/10/2019	1810	Purchase	50874	0.47
				01/11/2019	3442	Purchase	54316	0.50
				08/11/2019	3000	Purchase	57316	0.53
				15/11/2019	6633	Purchase	63949	0.59
				22/11/2019	800	Purchase	64749	0.60
				25/11/2019	400	Purchase	65149	0.60
				06/12/2019	100	Purchase	65249	0.61
				20/12/2019	3601	Purchase	68850	0.64
				27/12/2019	-3627	Sale	65223	0.60
				31/12/2019	-2322	Sale	62901	0.58
				24/01/2020	800	Purchase	63701	0.59
				31/01/2020	-500	Sale	63201	0.59
				07/02/2020	-1190	Sale	62011	0.58
				06/03/2020	646	Purchase	62657	0.58
				13/03/2020	-3514	Sale	59143	0.55
				27/03/2020	2118	Purchase	61261	0.57
	<b>At the end of the year</b>						<b>61261</b>	<b>0.57</b>

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2019 to 31 March 2020)		
		No. of Shares	% of total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of total shares of the company	
6	<b>ASHVINDER CHOWDHARY</b>								
		At the beginning of the year	0	0.00	20/03/2020	6790	Purchase	6790	0.06
					27/03/2020	32926	Purchase	39716	0.37
					31/03/2020	7933	Purchase	47649	0.44
	<b>At the end of the year</b>						<b>47649</b>	<b>0.44</b>	
7	<b>UDAY VASANTLAL MERCHANT</b>								
		At the beginning of the year	10000	0.10	28/02/2020	30000	Purchase	40000	0.37
		<b>At the end of the year</b>						<b>40000</b>	<b>0.37</b>
8	<b>MARFATIA STOCK BROKING PVT LTD</b>								
		At the beginning of the year	0	0.00	17/01/2020	1000	Purchase	1000	0.01
					24/01/2020	5265	Purchase	6265	0.06
					31/01/2020	235	Purchase	6500	0.06
					07/02/2020	6931	Purchase	13431	0.12
					14/02/2020	10559	Purchase	23990	0.22
					21/02/2020	1500	Purchase	25490	0.24
					06/03/2020	7040	Purchase	32530	0.30
			20/03/2020	2000	Purchase	34530	0.32		
	<b>At the end of the year</b>			2000	Purchase	36530	0.34		
							<b>36530</b>	<b>0.34</b>	

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2019 to 31 March 2020)	
		No. of Shares	% of total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of total shares of the company
9	<b>ANSHUL SHARMA</b> At the beginning of the year	16700	0.16	23/08/2019	-10	Sale	16690	0.15
				06/09/2019	16802	Purchase	33492	0.31
				30/09/2019	112	Purchase	33604	0.31
							<b>33604</b>	<b>0.31</b>
10	<b>OM PRAKASH CHUGH</b> At the beginning of the year <b>At the end of the year</b>	37660	0.37	07/02/2020	5000	Sale	32660	0.30
							<b>32660</b>	<b>0.30</b>

**(V) Shareholding of Directors and Key Managerial Personnel:**

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (1 April 2019)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2019 to 31 March 2020)	
		No. of Shares	% of total shares of the company	Date	Increase/decrease during the year	Reason	No. of Shares	% of total shares of the company
1	Mr. Gursharan Singh							
	<b>At the beginning of the year</b>	3429097	33.35	03.07.2019	50000	Preferential Allotment	3929097	36.44
	<b>At the end of the year</b>						<b>3929097</b>	<b>36.44</b>
2	Mr. Dev Raj Arya							
	<b>At the beginning of the year</b>	225369	2.19	7/6/2019	6904	Transfer	232273	2.15
				30/09/2019	4000	Transfer	236273	2.19
				20/03/2020	-2000	Transfer	234273	2.17
				27/03/2020	2000	Transfer	236273	2.19
	<b>At the end of the year</b>						<b>236273</b>	<b>2.19</b>
3	Mrs. Narinder Paul Kaur							
	<b>At the beginning of the year</b>	19794	0.19	18/03/2020	2000	Transfer	21794	0.2
	<b>At the end of the year</b>						<b>21794</b>	<b>0.2</b>
4	Mr. Anil Sharma							
	<b>At the beginning of the year</b>	15000	0.15		-	-		
	<b>At the end of the year</b>						<b>15000</b>	<b>0.14</b>
5	Mr. Rakesh Kapoor							
	<b>At the beginning of the year</b>	0	0.00		-	-		
	<b>At the end of the year</b>						<b>500</b>	<b>0.00</b>

Except the above mentioned Shareholding, there is no shareholding of Directors and Key Managerial Personnel.

- \* Mr. Dev Raj Arya is also joint holder in demat account with Mrs. Raj Arya, details of the same provided in the above mentioned point no. (ii) i.e. shareholding of promoters

**V. INDEBTEDNESS**
**Indebtedness of the Company including Interest Outstanding/Accrued but not due for Payment as on 31 March, 2020**

(₹ in Lakhs)

PARTICULARS	SECURED LOAN	UNSECURED LOAN	DEPOSITS	TOTAL INDEBTEDNESS
<b>Indebtedness at the beginning of the year</b>				
i) PRINCIPAL AMOUNT	3,363.24	928.85	-	4,292.09
ii) INTEREST DUE BUT NOT PAID	-	-	-	-
iii) INTEREST ACCRUED BUT NOT DUE	0.32	0.31	-	0.63
<b>TOTAL (I+II+III)</b>	<b>3,363.56</b>	<b>929.16</b>	<b>-</b>	<b>4,292.72</b>
<b>Change in indebtedness during the financial year</b>				
ADDITIONS	1,166.38	-	-	1,166.38
REDUCTION	840.47	150.68	-	991.15
<b>NET CHANGE</b>	<b>325.91</b>	<b>(150.68)</b>	<b>-</b>	<b>175.23</b>
<b>Indebtedness at the end of the year</b>				
i) PRINCIPAL AMOUNT	3,689.15	778.17	-	4,467.32
ii) INTEREST DUE BUT NOT PAID				
iii) INTEREST ACCRUED BUT NOT DUE	10.22	4.25		14.47
<b>TOTAL (I+II+III)</b>	<b>3,699.37</b>	<b>782.42</b>	<b>-</b>	<b>4,481.79</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Mr. Gursharan Singh Chairman & Managing Director	Mr. Dev Raj Arya Whole-Time Director & CFO	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	102.80	56.93	159.73
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 LTA	4.00	2.50	6.50
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission* -as% of profit -others	34.95 0.21	-	34.95 0.21
5	Others- Provident Fund	0.21	0.21	0.42
	<b>Total A</b>	<b>142.17</b>	<b>59.64</b>	<b>168.87</b>

\* Overall ceiling as per Act is not applicable

**B. Remuneration to other Directors**

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr. Raj Kumar Kapoor	Mr. Rakesh Kapoor	Mr. Shashank Ramesh Anikhindi	Mr. Jagdish Keswani	
<b>A</b>	<b>Independent Directors</b>					
	Fee for attending Board/ Committee meetings	0.95	3.16	2.45	0.60	7.16
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	<b>Total (A)</b>	<b>0.95</b>	<b>3.16</b>	<b>2.45</b>	<b>0.60</b>	<b>7.16</b>
<b>B</b>	<b>Other Non Executives Directors</b>	<b>Mrs. Narinder Paul Kaur</b>		<b>#Mr. Anil Sharma</b>		
	Fee for attending Board/ Committee meetings	1.15		1.80		2.95
	Commission	-		-		-
	Others	18.00		9.10		27.10
	<b>Total (B)</b>	<b>19.15</b>		<b>10.90</b>		<b>30.05</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>37.21</b>

#Mr. Anil Sharma was redesignated as Non- Executive Non- Independent Director w.e.f. 29.09.2019

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		*Mr. Hitesh Kumar Company Secretary	**Ms. Shagun Bajpai Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.79	1.48	7.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 LTA	0.11	-	0.11
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission -as% of profit -others, specify.	-	-	-
5	Others- Provident Fund	0.16	0.04	0.20
	<b>Total A</b>	<b>6.06</b>	<b>1.52</b>	<b>7.58</b>

\*Mr. Hitesh Kumar resigned as the Company Secretary w.e.f. 28.12.2019

\*\*Ms. Shagun Bajpai was appointed as the Company Secretary w.e.f. 06.02.2020

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fees imposed	Authority (RD/NCLT/ COURT)	Appeal made if any (give details)
<b>A. COMPANY</b> Penalty Punishment Compounding			NIL		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			NIL		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			NIL		

**For RACL Geartech Limited**  
**Gursharan Singh**  
**Chairman and Managing Director**  
**DIN: 00057602**

**Place: Noida**  
**Date: 31<sup>st</sup> July, 2020**

## ANNEXURE- F TO THE DIRECTORS' REPORT

**A. The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as under:**

**1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year ended 31<sup>st</sup> March, 2020:**

S. No.	Name of the Directors	Designation	Remuneration Paid during year ended 31 <sup>st</sup> March, 2020 (₹ In Lakhs)	Ratio	% increase in remuneration for the financial year ended 31 <sup>st</sup> March, 2020
1	Mr. Gursharan Singh	Chairman & Managing Director	14217604	44.32	N.A.
2	Mr. Dev Raj Arya	Whole-time Director & CFO	5964603	18.59	N.A.
3	Mrs. Narinder Paul Kaur	Non- executive Non- Independent Director	1915000	5.97	35.81
4	Mr. Anil Sharma	Non- executive Non- Independent Director	1090000	3.39	560.60
5	Mr. Raj Kumar Kapoor	Independent Director	95000	0.29	26.66
6	Mr. Rakesh Kapoor	Independent Director	316000	0.98	N.A.
7	Mr. Shashank Ramesh Anikhindi	Independent Director	245000	0.76	63.33
8	<sup>1</sup> Mr. Jagdish Keswani	Independent Director	60000	0.18	N.A.
9	<sup>2</sup> Mr. Hitesh Kumar	Company Secretary	606258	N.A.	10.59
10	<sup>3</sup> Ms. Shagun Bajpai	Company Secretary	152000	N.A.	N.A.

<sup>1</sup>Mr. Jagdish Keswani was appointed as Additional Independent Director w.e.f. 11.11.2019

<sup>2</sup>Mr. Hitesh Kumar resigned as the Company Secretary w.e.f. 28.12.2019

<sup>3</sup>Ms. Shagun Bajpai was appointed as the Company Secretary w.e.f. 06.02.2020

**2. The percentage change in the median remuneration of the employees during the year ended 31<sup>st</sup> March, 2020:**

The percentage increase in the median remuneration of the employees noted on 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2020 respectively is 9.72%.

**3. The number of permanent employees on the rolls of Company:**

The total number of permanent employees on pay rolls of the Company as on 31<sup>st</sup> March, 2020 is 479.

**4. Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there is any exceptional circumstances for increase in managerial remuneration:**

The average percentile increase in the salaries during the year ended 31<sup>st</sup> March, 2020:

Managerial Personnel: 3.53%

Employees other than Managerial Personnel: 10.13%

The remuneration to Managerial Personnel is as approved by the shareholders and Board under the provisions of the Companies Act, 2013.

**5. Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.



**B. The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:**

**A. Names of Top Ten Employees in terms of Remuneration**

S. No	Name of Employees	Designation	Remuneration (₹ in Lakhs)	Nature of employment (Contractual or otherwise)	Qualification	Experience (Yrs.)	Date of Commencement of employment	Age (Yrs.)	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1.	Gursharan Singh	Chairman & Managing Director	14217604	Permanent	Diploma in Mechanical Engineering, PGDM Export Management	40	05.10.1987	57	Escort Tractors Ltd. (Ford)	36.44%	Yes
2.	Dev Raj Arya	Whole-time Director & CFO	5964603	Permanent	L.L.B. Company Secretary, M.A. in Economics, Cost Accountant	45	18.08.1997	69	Vishal Lakto (I) Ltd.	2.19%	Yes
3.	Rajiv Kumar Goel	Vice President	3100160	Permanent	B. Tech (Mechanical)	29	01.10.1990	52	NA	0.20%	No
4.	Deepak Saxena	Associate Vice President	2435080	Permanent	B.E.	31	01.09.1995	54	Clutch Auto Ltd.	0.04%	No
5.	Yogesh Baweja	General Manager	2257600	Permanent	M.B.A. (Operations Research), B.E. (Mechanical), Diploma in Tool & Die Making and Certificate Course Import & Export Management	29	01.04.2013	52	Samtel Group	0.00%	No
6.	Girish Kapoor	General Manager	2114600	Permanent	Diploma in Mechanical Engineering	29	01.06.1990	54	Tirupati Udyog Ltd.	0.13%	No
7.	Hemant Kumar	Joint General Manager	2048600	Permanent	AME. Mechanical Engineering, Diploma in Mechanical Engineering	29	18.08.2008	51	Lumax Industries	0.00%	No
8.	Naveen Chandra Agarwal	Joint General Manager	1775600	Permanent	B. Tech (Production)	29	09.08.1991	53	Vxl India Ltd., Faridabad	0.16%	No
9.	Prabh Mehar Singh	Vice President	1565600	Permanent	Master in Management (Finance)	8	15.02.2016	28	KPMG India	0.00%	Yes
10.	Anil Kumar Saini	Assistant General Manager	1537600	Permanent	ITI Draughtsman, Mechanical	39	28.04.1992	45	Km Enterprises Delhi	0.00%	No

₹ in Lakh

**B. Employees Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 1,02,00,000/- .**

		₹ in Lakh									
S. No	Name of Employees	Designation	Remuneration (₹ in Lakhs)	Nature of employment (Contractual or otherwise)	Qualification	Experience (Yrs.)	Date of Commencement of employment	Age (Yrs.)	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1.	Gursharan Singh	Chairman & Managing Director	14217604	Permanent	Diploma in Mechanical Engineering, PGDM Export Management	39	05.10.1987	57	Escort Tractors Ltd. (Ford)	36.44%	Yes

**Employed for part of the Financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. 8,50,000/- per month:**

		₹ in Lakh									
S. No	Name of Employees	Designation	Remuneration (₹ in Lakhs)	Nature of employment (Contractual or otherwise)	Qualification	Experience (Yrs.)	Date of Commencement of employment	Age (Yrs.)	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
N.A.											

**C. Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.**

		₹ in Lakh									
S. No	Name of Employees	Designation	Remuneration (₹ in Lakhs)	Nature of employment (Contractual or otherwise)	Qualification	Experience (Yrs.)	Date of Commencement of employment	Age (Yrs.)	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
N.A.											

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

RACL Geartech Limited (“RACL or Company”) is one of India’s leading automotive gear manufacturers. The Company is engaged in the Business of manufacturing of Automotive Component Transmission Gears and Shafts, Sub-assemblies, Precision Machined Parts and Industrial Components. After establishing a dominant positioning in the domestic market, in the last few years the Company has focused on consciously building global customer relationships and growing its exports. In this business, RACL works on identifying markets, determining market positioning, developing innovative sourcing and distribution. RACL has evolved as a leading supplier to OEM’s in the Automotive Sector and some prominent names from the global arena have entrusted their faith in the Company.

RACL has a vision for the future and we are working with passion to achieve it, keeping in mind the following parameters:

- How are the Industry and the market evolving.
- What are the future challenges and opportunities.
- How can OEMs benefit from these new challenges and opportunities.
- What are the implications for different market segment.
- Impact of Covid Crisis on the Market.

### GLOBAL ECONOMIC OVERVIEW

COVID-19 has triggered the deepest global recession in decades. While the ultimate outcome is still uncertain, the pandemic will result in contractions across the vast majority of emerging market and developing economies. It will also do lasting damage to labor productivity and potential output. The immediate policy priorities are to alleviate the human costs and mitigate the near-term economic losses. Once the crisis abates, it will be necessary to reaffirm a credible commitment to sustainable policies and undertake the reforms necessary to buttress long-term prospects. Global coordination and cooperation will be critical.

The year 2019 was a difficult year for the global economy with world output growth estimated to grow at its slowest pace of 2.9 per cent since the global financial crisis of 2009, declining from a subdued 3.6 per cent in 2018 and 3.8 per cent in 2017. COVID-19 has further delivered an enormous global shock, leading to steep recessions in many countries. The baseline forecast envisions a 5.2 percent contraction in global Gross Domestic Product (GDP) in 2020—the deepest global recession in decades. Per capita incomes in most emerging and developing economies will shrink this year. The pandemic highlights the urgent need for policy action to cushion its consequences, protect vulnerable populations, and improve countries’ capacity to cope with similar future events. It is also critical to address the challenges posed by informality and limited safety nets and undertake reforms that enable strong and sustainable growth.

The automobile sector is also substantially hit by the outbreak. OEMs and parts suppliers have yet to return to full production capacity. Consequent delays in delivery might impact the market at multiple levels from postponed new car model launches, shattered supply chains, financially drained SMEs, and dampened vehicle sales in Q1, 2020. If we are to believe the forecasts, automotive sales most likely will decrease 14-22% among the China, US and European markets in 2020. However, as the effect of the pandemic start to wane and the industry begins to recover, OEMs will explore various options to drawback consumers and offset the drop in sales. The pandemic also paves way for new opportunities in terms of other mobility verticals such as shared mobility, electric vehicles, connectivity solutions, after market, and vehicle leasing. Personal mobility modes will make a strong comeback. The demand for micro-mobility solutions, in particular, will surge. Micro-mobility solutions are easy-to-use and ideal in congested city environments. In the current context of Covid-19, these single or double seaters, like mopeds and scooters, offer riders better control over their health & wellness. Automakers are likely, therefore, to explore the potential of this sector as they attempt to draw up blueprints for a post-corona virus scenario.

## INDIAN ECONOMY

The International Monetary Fund projected shrinkage of 4.5% for the Indian economy in 2020, due to the unprecedented coronavirus pandemic that has nearly stalled all economic activities. However, the country is expected to bounce back in 2021 with a robust 6% growth rate. Like other countries around the world, India too is grappling with the conundrum of reopening the economy – protecting and restoring activity this year to help shape a return to growth in 2021 – while containing the spread of the virus, and potentially further lockdowns.

India's government deficit stood at - 7.4% by the end of 2019 and should decrease slightly in 2020 and 2021, reaching -7%. According to the IMF, the inflation rate increased from 3.4% to 4.5% in 2019, although it is expected to decrease to 3.3% in 2020 and slightly increase to 3.6% in 2021 (April 2020 World Economic Outlook IMF). Moreover, as the Reserve Bank of India has cut its key policy interest rate five times in the first 10 months of 2019, the room for monetary policy manoeuvring has also narrowed. Still, the economy is aiming to move towards a more stable price regime, with a programme of reforms aimed at consolidating public accounts, promoting investment and industrial development and improving the business climate. The market stimulus and reforms introduced by the government included corporate tax rate cuts, cash transfers to farmers, rural developmental spends, payments of all pending Goods and Services tax (GST), Income Tax Refunds, and further liberalisation of Foreign Direct Investment (FDI). These measures were supported by the Reserve Bank of India (RBI) with a series of rate cuts, reduction in the Cash Reserve Ratio (CRR), moratorium on term loans and working capital loans, the injection of liquidity through various modes to help the industry get back on its feet. The measures should begin to facilitate growth. Numerous foreign companies are also setting up their facilities in India on account of various Government initiatives like Make in India and Digital India which aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors.

## INDUSTRY OUTLOOK

India became the fifth largest auto market in 2019 with sales reaching to 3.81 million units. It was the seventh largest manufacturer of commercial vehicles in 2019. However, The Indian automobile sector registered a drop of nearly 18 percent in domestic sales in the financial year 2019-20. Majority of contribution to this decline was due to various amendments to emission norms, higher insurance costs, higher fuel prices and other vulnerabilities due BSVI shift. The Covid-19 outbreak has further added to woes for the auto industry. CRISIL Research projects domestic auto-component production revenue growth to decline by 15-17% in fiscal 2021. Volume demand from OEMs will decline by 13-24% across asset classes. Further, export demand is also expected to decline by 20% (in value terms) as more than 50% of our exports are to Europe and US and demand is expected to decline from these markets amid Covid-19 outbreak. Demand from the replacement market is expected to decline by 12-14% (in value terms) due to limited movement of vehicles in fiscal 2021 amid the lockdown imposed. Lower freight demand even post the lockdown will limit the movement of trucks hurting demand in the replacement market.

The Indian auto-components industry has experienced healthy growth over the last few years. In 2018-19, the turnover of the Indian auto components sector was ₹ 3,95,902 Crore (\$57 billion), its contribution to GDP 2.3% and to manufacturing GDP 25%.

## OPPORTUNITIES

Although, post COVID crisis, the short-term demand shall have an adverse effect on Automotive demand patterns across the industry, but in the long term, post Covid era shall open up huge opportunities for the Indian auto components sector to become the factory of the world.

Taking a cue from various feedback from market reactions, there will be significant changes in buying behavior after the lockdown. Consumer preference will be more towards individual health, hygiene and cleanliness during travel. Post the pandemic, we expect consumers to switch more towards personal mobility. Public Transport

shall take a backseat in the medium term, thereby giving a rise to demand for 2 wheelers and 3 wheelers. Thus, RACL shall have huge opportunity in improving its penetration in the domestic market because of majority of product base having presence in 2-wheeler and 3 wheeler segment.

It is widely expected that even the Global customers shall shift their focus from East Asian Countries to India. Hence, demand of Export of Auto components from India is set to grow manifold. Manufacturers who are already exporting to Western countries, shall become the first choice of prospective buyers. RACL has a leading edge in this aspect also, as we have a well-established connect with major European & American OEMs with unblemished track record of over a decade.

### **THREATS, RISKS AND CONCERNS**

More than ever before, today, the automotive industry is in a state of constant pressure. Customers are demanding new and stringent quality norms – often without showing willingness to pay additional cost. Regulators are rightfully demanding strictest adherence to environmental and safety standards, thus increasing cost of production. Major technology players, with deep pockets, are pushing investments in diverse mobility business models and threatening the current & traditional OEM dominance.

Advancement in Vehicle technologies & increasing customer expectations, is putting tremendous pressure on component manufacturers to invest continually on advanced manufacturing processes, which, in turn requires heavy Capital Investments. Uncertainties erupting out of Geo-Political scenarios, provoked further by Covid- 19 pandemic threats are a major inhibiting factor in deciding a clear strategy towards making Capital Investments.

Highly uncertain & disruptive atmosphere demands robust & rigid strategies on one hand, but on the other hand, the low hanging fruits of business opportunities require flexible approach for reacting to short-term changes.

### **RISK MITIGATION**

A constant monitoring of market trends and indications regarding the anticipated scenario will help to actively shape suppliers' future and in a way that plays a significant role in the automotive supply chain of 2022 and beyond.

Risk management at RACL is an enterprise-wide function and a holistic approach has been adopted based on Enterprise Risk Management (ERM) Framework. The framework encompasses practices relating to identification, assessment, monitoring and mitigation of various risks towards achievement of business objectives. The ERM is aimed at dealing with uncertainty and to minimize adverse risk impact on business objectives and enables the Company to leverage business opportunities effectively. The Company relentlessly endeavors, not only, to minimize risks, but convert them into business opportunities that allow it to maximize returns for shareholders from diverse situations. The Company has aligned risk management process with every part of the critical business processes to ensure that the processes are designed & operated effectively towards the achievement of business objectives.

Risks are identified & assessed across all key business functions in a holistic manner.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company's philosophy towards internal controls is based on the principle of healthy growth with a proactive approach to risk management. The Company has a proper and adequate system of Internal Control to ensure all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly. The Internal Control is supplemented by an extensive program of internal audits, review by management and procedures. It is designed to ensure that the financial and other records are reliable for preparing financial statements, other data and for maintaining accountability of assets. The Company ensures adherence to all statutes.

## FINANCIAL PERFORMANCE

In the Financial Year 2019-20, the Company achieved an overall income of ₹ 212.84 crore from operations as compared to ₹ 190.96 crore in 2018-19. The Company achieved an operating profit of ₹ 21.90 crore (PBT) as compared to ₹ 17.34 crore (PBT) in last year.

The Company continues to make concerted efforts at leveraging relationships with existing customers as well as widening the customer base by adding new customers. However, there were significant requirements for new product development of existing clients. A wider product portfolio was important to build the export business.

RACL continues to service a strong customer base, many of these customers are global players with a domestic presence in India. The Company continues with its effort to strengthen and cement relationships with these customers in the domestic market and explore opportunities to service their global needs. RACL remains positioned globally as a cost competitive manufacturer with focus on quality. Continuous efforts are being undertaken to maintain the highest delivery standards in terms of 'on time' and 'in full'. The larger customer base with wider product portfolio, which is fast emerging as the need of the markets today, increases the challenges on this front. It has introduced a degree of flexibility in its production equipment and is continuously working on improving its planning systems.

## EXPORT

In line with the economic trend seen in last year, Export sales of the Company rose to 67.05% of the total sales this year amounting to ₹ 142.37 Crores. The global markets are under stress, RACL has miniscule share of the global pie and there is ample scope and opportunities to grow our exports aggressively.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES (HR)

People management is the backbone of your Company and it is regarded as one of the important resources for the success of RACL. Over the years, your Company has strengthened its HR processes to ensure continual development and growth of its employees. HR processes are fine-tuned and updated to attract and recruit talent into the Company.

The Company strongly believes in enhancing the value of its people asset consistently. The Human Resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the organisation. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline.

The Company has well documented and updated policies in place to prevent any kind of discrimination and harassment, including sexual harassment. The Whistle Blower Policy plays an important role as a watchdog.

The Company currently has adequate man power and personnel to conduct the business without any complication or hindrances. The overall human and industrial relations have remained peaceful and composed during the period under review. As on 31<sup>st</sup> March, 2020, the total number of employees on the Company's payroll stood at 479.

## DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS ALONG WITH EXPLANATION

In compliance with the requirement of Listing Regulations, the key financial ratios along with explanation for significant changes (i.e. change of 25% or more as compared to the immediately preceding financial year) has been provided hereunder:

S. No.	Particulars	Unit of Measurement	2019-20	2018-19
1.	Debtors Turnover Ratio	Times	3.95	4.15
2.	Inventory Turnover Ratio	Times	5.12	5.28
3.	Interest Coverage Ratio	Ratio	5.73	5.18
4.	Current Ratio	Ratio	1.26	1.18
5.	Debt Equity Ratio	Ratio	0.36	0.47
6.	Operating Profit Margin i.e. EBITDA	%	19.55	16.60
7.	Net Profit Margin	%	7.69	4.96
8.	Return on Net worth	%	19.21	14.10

#### **DISCLOSURE OF ACCOUNTING TREATMENT**

In the preparation of financial statements, the Company has followed the applicable Accounting Standards i.e. Indian Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and other applicable act(s) and regulation(s).

#### **CAUTIONARY STATEMENT**

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and other statutes over which the Company does not have any direct control.

The readers are hereby cautioned and advised that these forward-looking statements are subject to numerous risks and uncertainties that are difficult to foresee and actual outcomes might differ.

**For and on Behalf of the Board of Directors  
RACL Geartech Limited**

**Mr. Gursharan Singh  
Chairman & Managing Director  
DIN: 00057602**

**Date: 31<sup>st</sup> July, 2020  
Place: Noida**

## **REPORT ON CORPORATE GOVERNANCE**

In accordance with the provisions of the Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with Schedule V, the Report containing the details of Corporate Governance systems and processes followed by RACL Geartech Limited (“RACL or Company”) is given below.

### **COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE**

We believe in the philosophy that good corporate governance is not an end in itself. It is a means to support economic efficiency, sustainable growth and financial stability. It facilitates companies’ access to capital for long-term investment and helps ensure that shareholders and other stakeholders, who contribute to the success of the corporation, are treated fairly. The Company has created a transparent set of rules and controls in which shareholders, directors and officers have aligned incentives. For us, it is not enough to merely be profitable; we also demonstrate good corporate citizenship along with the practice of discipline and integrity through environmental awareness, ethical behavior and sound corporate governance practices.

The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come. We keep our governance practices under continuous review and benchmark ourselves to the best practices across the globe.

RACL has formulated a Corporate Compliance Program which is designed and implemented to manage risks, prevent illegal and unethical conduct, and mitigate or eliminate punishments and liabilities when such conduct does take place. The Company has always endeavored to accept and follow the internationally recognized code of conduct within the organization. It has always been the aim of the Company to exceed and excel through fair and transparent practices. We acknowledge our individual and collective responsibilities to manage our business activities along with catering to the needs of the society we operate in.

### **Board of Directors**

The Board of Directors (“Board”) is the primary direct stakeholder influencing corporate governance. Directors are elected by the Board Members and appointed by the shareholders, and represent the Company. The responsibilities of the Board includes setting the Company’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. We strive to maintain an effective, informed and independent Board to ensure the highest standards of Corporate Governance.

#### **A. Composition and Category of Board of Directors**

The Board comprises of an optimal mix of executive and non-executive Directors having great knowledge and experience in diversified areas, enabling the Board to discharge its responsibilities and provide effective leadership to the business.

As on the date of this Report, the Board consists of 9 (nine) Directors comprising of 2 (two) Promoters & Executive Directors, 2 (two) Non- Executive and Non- Independent Directors and 5 (five) Independent Directors. Out of 2 Non- Executive and Non- Independent Directors 1 (one) is a woman.

None of the Director is a Director in more than 10 public limited companies (as specified in Section 165 of the Companies Act, 2013 (“Act”) or acts as an Independent Director in more than 7 listed companies or 3 listed companies in case he/she serves as a Whole-time Director in any listed company (as specified in Regulation 25 of the Listing Regulations).

During the financial year under review, none of the Independent Directors had any material pecuniary relationship or transactions with the Company apart from receiving sitting fees for attending meetings of Board of Directors and Committees thereof.

**The Independent Directors fulfill the conditions as specified under law and are independent of the management of the Company in accordance with the provisions of law.**



**No Independent Director has tendered their resignation during the year under review and upto the date of this report.**

Except Mr. Gursharan Singh, Chairman & Managing Director and Mrs. Narinder Paul Kaur, Non- Executive Non- Independent Director (Wife of Mr. Gursharan Singh), none of the Directors of the Company are inter-se related to each other.

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Act and the details of which are provided herein below:

Name of Directors	DIN	Designation	Category	No. of Equity Shares held in the Company
Mr. Gursharan Singh	00057602	Chairman & Managing Director	Promoter Executive Director	3929097
Mr. Dev Raj Arya	00057582	Whole-time Director & CFO	Executive Director	236273
Mrs. Narinder Paul Kaur	02435942	Director	Non- Executive Non- Independent Director	21794
Mr. Anil Sharma	00157911	Director	Non- Executive Non- Independent Director	15000
Mr. Raj Kumar Kapoor	00110338	Director	Non- Executive Independent Director	-
Mr. Rakesh Kapoor	00015358	Director	Non- Executive Independent Director	500
Mr. Shashank Ramesh Anikhindi	07787889	Director	Non- Executive Independent Director	-
<sup>1</sup> Mr. Jagdish Keswani	02146267	Director	Non- Executive Independent Director	-
<sup>2</sup> Brig. Mr. Harinder Pal Singh Bedi (Retd.)	05217488	Director	Non- Executive Independent Director	-

<sup>1</sup> Appointed as Additional Independent Director w.e.f. 11<sup>th</sup> November, 2019.

<sup>2</sup> Appointed as Additional Independent Director w.e.f. 29<sup>th</sup> June, 2020.

## B. Board Procedures & Meetings

The Board of Directors meet atleast once in each quarter to, inter alia, review annual operating and capital expenditure plans, financial statements of business segments, compliance report(s) of all laws applicable to the Company, minutes of the Board Meetings of Subsidiary companies, short-term borrowings, any other proposal from the management regarding any restructuring of investments, etc.

The Management makes presentations on matters including but not limited to the Company's performance, operations, plans, quarterly and annual financial results, compliance reports etc. The Board has complete access to any information within the Company which includes information as specified in Regulation 17 and Part A of Schedule II of the Listing Regulations.

The Company adheres to the provisions of the Act read with the Rules issued thereunder, read with the Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors and its Committees.

During the period under review, the following 4 (four) meetings of the Board of Directors were held on:

- I. 24<sup>th</sup> May, 2019;
- II. 9<sup>th</sup> August, 2019;
- III. 11<sup>th</sup> November, 2019; and
- IV. 6<sup>th</sup> February, 2020

Requisite quorum was present in all the meetings. The intervening period between two Board Meetings was well within the maximum time gap as stipulated under Regulation 17 of the Listing Regulations read with the Act.

Mr. Hitesh Kumar, Company Secretary & Compliance Officer of the Company attended all the meetings of the Board and its Committees till his resignation on 28<sup>th</sup> December, 2019. Thereafter, Ms. Shagun Bajpai was appointed as the Company Secretary & Compliance Officer w.e.f. 6<sup>th</sup> February, 2020 and is, inter alia, responsible for recording the minutes of the meetings of the Board and its Committees.

### C. Director's Attendance Record and their other Directorships/Committee Memberships:

As mandated by Regulation 26 of the Listing Regulations, none of the Director is a member of more than 10 (ten) Board level Committees (considering only Audit Committee and Stakeholders Relationship Committee) or Chairperson of more than 5 (five) Committees across all public limited companies (listed or unlisted) in which he/she is a Director.

Further, all Directors have informed about their Directorships, Committee Memberships/Chairmanships including any change in their positions.

Relevant details for the financial year 2019-20, in accordance with the requirements of the Listing Regulations are given below:

S. No.	Name of Director	Attendance at		No. of Directorship in other Public Companies	Names of the listed entities where the person is a director and the category of directorship	No. of Committees Positions held in other Public Companies	
		Board Meetings	Last AGM			Chairperson	Member
1.	Mr. Gursharan Singh	4	Yes	Nil	-	Nil	Nil
2.	Mr. Dev Raj Arya	4	Yes	Nil	-	Nil	Nil
3.	Mrs. Narinder Paul Kaur	4	Yes	Nil	-	Nil	Nil
4.	Mr. Anil Sharma	3	Yes	Nil	-	Nil	Nil
5.	Mr. Raj Kumar Kapoor	3	Yes	Nil	-	Nil	Nil
6.	Mr. Rakesh Kapoor	4	Yes	2	Ugar Sugar Works Limited	1	1
7.	Mr. Shashank Ramesh Anikhindi	4	Yes	2	DTL India Holdings Limited	1	Nil
8.	<sup>1</sup> Mr. Jagdish Keswani	2	No	Nil	-	Nil	Nil
9.	<sup>2</sup> Brig. Mr. Harinder Pal Singh Bedi (Retd.)	0	No	Nil	-	Nil	Nil

<sup>1</sup>Appointed as Additional Independent Director w.e.f. 11th November, 2019.

<sup>2</sup>Appointed as Additional Independent Director w.e.f. 29th June, 2020.

Notes:

A. Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act are excluded for the above purposes.

B. Only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies are considered for the purpose of reckoning Committee positions.

### D. Familiarization Programme

Your Company has put in place a structured induction and Familiarization Programme for all of its Directors including the Independent Directors. The Company conducts Familiarization Programme for the Independent Directors to provide them an opportunity to familiarize with the Company, its Management and its operations so as to gain a clear understanding of their roles, rights and responsibilities and contribute significantly towards

the growth of the Company. They have full opportunity to interact with Senior Management Personnel and are provided with all the documents required and sought by them for enabling them to have a good understanding of the Company, its business model and various operations and the industry of which it is a part.

During the year under review, sessions under the Familiarization Programme for Independent Directors were conducted to apprise the Directors on the activities and operations of the Company and make them aware of the relevant changes in various Acts applicable on the Company. The Familiarization Programme along with the details of the training imparted to Independent Directors during the year is available on the website of the Company and the web link thereto is [www.raclgeartech.com](http://www.raclgeartech.com).

**E. The list of core skills/expertise/competencies identified by the Board of Directors in the context of its business(es) and sector(s)**

Skills and its description	Names of Directors With Skills/Expertise In Relevant Areas
<b>Manufacturing &amp; Operations</b> Experience and knowledge related to Production and Product development, Quality enhancement, Plant Management, Environment and Health & safety and Logistics and operational issues.	Mr. Gursharan Singh, Mr. Shashank Ramesh Anikhindi, Mr. Jagdish Keswani, Mrs. Narinder Paul Kaur, Brig. H.P.S. Bedi (Retd.)
<b>Leadership, Strategy &amp; Planning</b> Experience in Corporate Management including general management, foresightedness and Business Strategy & Planning.	Mr. Gursharan Singh, Mr. Rakesh Kapoor, Mr. Raj Kumar Kapoor.
<b>Compliance Management and Corporate Governance</b> Experience in developing governance practices, serving the best interests of all stakeholders and driving corporate ethics and values.	Mr. Dev Raj Arya, Mr. Anil Sharma, Mrs. Narinder Paul Kaur
<b>Finance</b> Experience in financial management, investment & commercial banking and Institution affairs.	Mr. Dev Raj Arya, Mr. Rakesh Kapoor, Mr. Raj Kumar Kapoor
<b>Marketing and Human Resource Development</b> Strategic thinker to analyse and identify opportunities to stimulate business growth and Experience in marketing & sales and Human Resource Development.	Mr. Shashank Ramesh Anikhindi, Mr. Jagdish Keswani, Brig. H.P.S. Bedi. (Retd.)

**F. Compliance reports of all laws applicable to the Company**

The periodical reports submitted by the Internal Auditors and by the concerned executives of the Company with regard to compliance of all laws applicable to the Company including steps taken by the Company to rectify instances of non-compliances, if any, are being reviewed by the Audit Committee and/ or the Board of Directors at their respective meetings.

**G. Declaration**

The Chairman & Managing Director, Mr. Gursharan Singh has made a declaration that members of the Board and Senior Management Executives have affirmed compliance with the Companies 'Code of Conduct for Directors and Senior Management Personnel' for the financial year ended 31<sup>st</sup> March, 2020.

**H. Code of Conduct and Ethics**

In accordance with Regulation 17(5) of Listing Regulations, the Company's Board of Directors have laid down a 'Code of Conduct for Directors and Senior Management Personnel' of the Company. Duties of independent directors as laid down in the Companies Act, 2013 have been incorporated in the code. The Code is posted on the Company's website:- Code of Conduct for Directors and Senior Management Personnel The purpose of

this 'Code of Conduct' is to promote conduct of business ethically in an efficient and transparent manner and to meet its obligations to shareholders and all other stakeholders. Your Company understands reputation and integrity can only be built by continuously reinforcing ethical rules and procedures. The development of the integrity culture is a key priority for the Company.

### III. BOARD COMMITTEES

In compliance with the statutory requirements and to focus effectively on the issues and to ensure expedient resolution of the diverse matters, the Board has constituted various committees with specific terms of reference and scope. The Committees are the Board's empowered agents and operate as per their charter/terms of reference.

The Board has currently established the following statutory and non-statutory committees:



#### 1. AUDIT COMMITTEE

The Audit Committee is, inter alia, entrusted with the responsibilities to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Auditors. The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 read with the rules framed thereunder and Regulation 18 read with Part C of Schedule II of Listing Regulations or any other laws/rules, as applicable or amended from time to time.

The composition of the Audit Committee is in alignment with the provisions of section 177 of the Act and Rules framed thereunder and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have experience in financial management. The Chairman & Managing Director, Whole-time Director & Chief Financial Officer and Vice President - Finance, representatives of Internal Auditors and Statutory Auditors are invitees to the relevant meetings of the Audit Committee.

#### Composition, Meeting and Attendance

During the financial year under review, 4 (four) Audit Committee meetings were held on 24<sup>th</sup> May, 2019, 9<sup>th</sup> August, 2019, 11<sup>th</sup> November, 2019 and 6<sup>th</sup> February, 2020 respectively. The composition and attendance of the Members at the meetings held during the year are as follows:

Name of Directors	Designation	Category of Director	No of meetings held	No. of meetings attended
Mr. Rakesh Kapoor	Chairperson	Non-Executive Independent Director	4	4
Mr. Shashank Ramesh Anikhindi	Member	Non-Executive Independent Director	4	4
<sup>1</sup> Mr. Anil Sharma	Member	Non-Executive Non-Independent Director	4	2
<sup>2</sup> Mr. Jagdish Keswani	Member	Non-Executive Independent Director	4	1

<sup>1</sup>Mr. Anil Sharma ceased to be Member of the Audit Committee w.e.f. 6<sup>th</sup> February, 2020

<sup>2</sup>Mr. Jagdish Keswani was appointed as the Member of the Audit Committee by the Board in its Meeting held on 11<sup>th</sup> November, 2019

Requisite quorum was present in all the meetings.

Mr. Hitesh Kumar, Company Secretary & Compliance Officer of the Company attended all the meetings of the Committee till his resignation on 28<sup>th</sup> December, 2019. Thereafter, Ms. Shagun Bajpai was appointed as the Company Secretary & Compliance Officer w.e.f. 6<sup>th</sup> February, 2020 and is now serving as the Secretary to the Committee. The Members of the Audit Committee were present at the last AGM held on 28<sup>th</sup> September, 2019 to answer the shareholders' queries.

## 2. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is constituted in compliance with the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations.

The Nomination and Remuneration Committee is empowered with the following terms of reference and responsibilities in accordance with the provisions of applicable laws and the Nomination and Remuneration Policy:

1. Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal, formulation of criteria for evaluation of performance of independent directors and the board of directors;
2. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
3. Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
4. To lay out remuneration principles for Directors, Key Managerial Personnel and Senior Management Personnel linked to their effort, performance and achievement relating to the Company's goals trends and practices that prevail in peer companies across the industry.
5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of independent directors.
6. To ensure the Board Diversity by constituting the structure of Board of Directors.

### Composition, Meeting and Attendance

The Committee met thrice during the year under review on 9<sup>th</sup> August, 2019, 11<sup>th</sup> November, 2019 and 6<sup>th</sup> February, 2020 respectively. The composition of the Nomination and Remuneration Committee along with the details of the meetings held and attended by the members of the Committee during the year under review is detailed below:

Name of Directors	Designation	Category of Director	No. of Meetings held	No. of meetings attended
Mr. Shashank Ramesh Anikhindi	Chairperson	Non-Executive Independent Director	3	3
Mr. Rakesh Kapoor	Member	Non-Executive Independent Director	3	3
Mr. Anil Sharma	Member	Non-Executive Non-Independent Director	3	3
Mr. Gursharan Singh	Member	Chairman & Managing Director	3	3

The Committee was restructured on 11<sup>th</sup> November, 2019 by the Board wherein Mr. Shashank R. Anikhindi was designated as the Chairperson of the Committee.

Requisite quorum was present in all the meetings.

Mr. Hitesh Kumar, Company Secretary & Compliance Officer of the Company attended all the meetings of the Committee till his resignation on 28th December, 2019. Thereafter, Ms. Shagun Bajpai was appointed as the Company Secretary & Compliance Officer w.e.f. 6th February, 2020 and is now serving as the Secretary to the Committee. The Members of the Committee were present at the last AGM held on 28th September, 2019 to answer the shareholders' queries.

### Performance Evaluation Criteria for Independent Directors

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. Pursuant to the provisions of the Act and Listing Regulations, Board of Directors and the Nomination and Remuneration Committee has carried out the annual performance evaluation of all the Independent Directors of the Company on parameters such as skills, knowledge, participation in meetings and contribution in field of Management/ Finance/ Operation/ Strategy etc. The Directors who were subject to evaluation had not participated.

### Remuneration Policy

The Remuneration Policy is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Remuneration Policy of your Company applies to the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees of the Company.

In determining the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees of the Company, a Remuneration Policy has been framed by the Nomination and Remuneration Committee and approved by the Board with the following broad objectives:

- i. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- ii. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Auto Component Industry.
- iii. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- iv. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated and amended from time to time by the Nomination and Remuneration Committee and adopted by the Board of Directors.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practices. This policy is uploaded on the website of the Company i.e. at [www.raclgeartech.com](http://www.raclgeartech.com).

### DETAILS OF THE REMUNERATION PAID DURING THE FINANCIAL YEAR 2019-20 IS AS MENTIONED BELOW:

#### EXECUTIVE DIRECTORS

(Amount in Lakh)

S. No.	Name of the Director	Gross Salary (p.a.)	Perquisites, Provident Fund and other benefits (p.a.)	Bonus/ Commission	Total (p.a.)
1.	Mr. Gursharan Singh	102.80	4.21	35.16	142.17
2.	Mr. Dev Raj Arya	56.93	2.71	-	59.64

## NON- EXECUTIVE INDEPENDENT DIRECTORS

The Company increased the sitting fee to be paid to the Non-Executive Independent Directors per meeting w.e.f. 9<sup>th</sup> August, 2019 as per the following schedule, for attending meetings of the Board of Directors and respective Committees of the Company:

Board Meeting	Audit Committee	Nomination & Remuneration Committee	Financial Affairs Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee
₹ 20000	₹ 20000	₹ 20000	₹ 10000	₹ 5000	₹ 5000

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings. The Remuneration paid to Non- Executive Directors of the Company is as follows:

(Amount in Lakh)

Name of Director	Designation	Retainership Fee	Sitting Fee	Total
Mrs. Narinder Paul Kaur	Non-Executive Non-Independent Director	18.00	1.15	<b>19.15</b>
Mr. Anil Sharma	Non-Executive Non-Independent Director	9.10	1.80	<b>10.90</b>
Mr. Raj Kumar Kapoor	Non-Executive Independent Director	-	0.95	<b>0.95</b>
Mr. Rakesh Kapoor	Non-Executive Independent Director	-	3.16	<b>3.16</b>
Mr. Shashank Ramesh Anikhindi	Non-Executive Independent Director	-	2.45	<b>2.45</b>
Mr. Jagdish Keswani	Non-Executive Independent Director	-	0.60	<b>0.60</b>

The Company does not have any Employee Stock Option Scheme.

### 3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee oversees, inter-alia, redressal of shareholders' and investors' grievances, non-receipt of Annual Report, non-receipt of Dividend, transfer/transmission of shares, issue of duplicate shares, exchange of new design share certificates, recording dematerialisation/rematerialization of shares and related matters.

The terms of reference of the Committee include enquiring into and redressing complaints of shareholders and investors. The composition of the Stakeholders' Relationship Committee is in compliance with the provisions of the Act read with Rules made thereunder and Regulation 20 read with Part D of Schedule II of the Listing Regulations.

#### Composition, Meeting and Attendance

The Committee met 13 (thirteen) times during the year under review as per the below schedule:

S. No.	Date of the Meeting	S. No.	Date of the Meeting
1.	1 <sup>st</sup> April, 2019	8.	5 <sup>th</sup> August, 2019
2.	22 <sup>nd</sup> April, 2019	9.	28 <sup>th</sup> August, 2019
3.	29 <sup>th</sup> April, 2019	10.	9 <sup>th</sup> September, 2019
4.	6 <sup>th</sup> May, 2019	11.	23 <sup>rd</sup> September, 2019
5.	13 <sup>th</sup> May, 2019	12.	16 <sup>th</sup> December, 2019
6.	20 <sup>th</sup> May, 2019	13.	11 <sup>th</sup> March, 2020.
7.	24 <sup>th</sup> May, 2019		

The composition of the Stakeholders' Relationship Committee and the details of meetings attended by its members are given below:

Name of the Directors	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Rakesh Kapoor	Chairperson	Non-Executive Independent Director	13	12
Mr. Gursharan Singh	Member	Chairman & Managing Director	13	9
Mr. Dev Raj Arya	Member	Whole-time Director	13	13

Requisite quorum was present in all the meetings.

Mr. Hitesh Kumar, Company Secretary being the Compliance Officer took all necessary and immediate steps for investors' grievances till his resignation on 28<sup>th</sup> December, 2019. Thereafter, Ms. Shagun Bajpai was appointed as the Company Secretary & Compliance Officer w.e.f. 6<sup>th</sup> February, 2020 and is now handling all Investor grievances.

#### Details of Investors' Complaints/requests received & redressed during the year:

Opening Balance	Received During the year	Resolved During the year	Closing Balance
01	02	03	0

#### 4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company, as a responsible corporate citizen, strives to enhance value creation in the society and in the community in which it operates. In alignment with the mandatory provisions under Section 135 of the Act, a Committee has been constituted to guide the Company in undertaking CSR activities in a focused and structured manner and review CSR Policy from time to time. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of "Corporate Social Responsibility Policy", observe practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary and monitor the expenses made by the Company in this regard.

##### Composition, Meeting and Attendance

During the year under review the Committee had 2 (two) Meetings on 24<sup>th</sup> May, 2019 and 9<sup>th</sup> August, 2019. The composition of the CSR Committee and the details of meetings attended by its members are given below:

Name of Directors	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Raj Kumar Kapoor	Chairperson	Non-Executive Independent Director	2	2
Mrs. Narinder Paul Kaur	Member	Non-Executive Non-Independent Director	2	2
<sup>1</sup> Mr. Dev Raj Arya	Member	Whole-time Director	2	2
<sup>2</sup> Mr. Anil Sharma	Member	Non-Executive Non-Independent Director	2	0

<sup>1</sup>Mr. Dev Raj Arya ceased to be Member of the Corporate Social Responsibility Committee w.e.f. 6<sup>th</sup> February, 2020

<sup>2</sup>Mr. Anil Sharma was appointed as the Member of the Corporate Social Responsibility Committee by the Board in its Meeting held on 11<sup>th</sup> November, 2019

#### 5. FINANCIAL AFFAIRS COMMITTEE

The Company has an adequately qualified "Financial Affairs Committee" as on 31<sup>st</sup> March, 2020. The Committee met once during the year under review on 17<sup>th</sup> January, 2020. The composition of the Committee of Board of Directors and the details of meetings attended by its members during the year under review are given below:

Name of the Directors	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Rakesh Kapoor	Chairperson	Non-Executive Independent Director	1	1
Mr. Gursharan Singh	Member	Chairman & Managing Director	1	1
Mr. Dev Raj Arya	Member	Whole-time Director	1	1

Requisite quorum was present in all the meetings.



## 6. INDEPENDENT DIRECTORS' MEETING

In compliance with Regulation 25 of Listing Regulations and Schedule IV of the Act, a separate meeting of the Independent Directors of the Company was held on 6<sup>th</sup> February, 2020, without the attendance of Non-Independent Directors and members of Management. Mr. Rakesh Kapoor was unanimously elected as Chairman of the meeting and all the Independent Directors except Mr. Raj Kumar Kapoor were present in the meeting. The Independent Directors in that meeting reviewed/ assessed:

- i. Performance of Non-Independent Directors and the Board as a whole;
- ii. Performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- iii. Quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## IV. GENERAL BODY MEETINGS

### ➤ DETAILS OF THE LAST 3 (THREE) ANNUAL GENERAL MEETINGS OF THE COMPANY

Financial Year	Location(S)	Meeting Date	Time
2018-19	The Executive Club, Dolly Farms & Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110074, India	28 <sup>th</sup> September, 2019	11:30 A.M.
2017-18	The Executive Club, Dolly Farms & Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074	25 <sup>th</sup> September, 2018	11:00 A.M.
2016-17	Rose Garden, NH-10, Main Rohtak Road, Ghevra More, Delhi-110041	28 <sup>th</sup> September, 2017	11:00 A.M.

### ➤ DETAILS OF THE SPECIAL RESOLUTIONS PASSED DURING PREVIOUS 3 (THREE) ANNUAL GENERAL MEETINGS

#### 28<sup>th</sup> September, 2017 –

- Approval for the Appointment of Mr. Shashank Ramesh Anikhindi (DIN 07787889) as an Independent Director.
- Approval for the re-appointment of Mr. Raj Kumar Kapoor (DIN 00110338), as an Independent Director of the Company for a Second Term.
- Approval for the re-appointment of Mr. Rakesh Kapoor (DIN 00015358), as an Independent Director of the Company for a Second Term.
- Approval for the re-appointment of Mr. Anil Sharma (DIN 00157911), as an Independent Director of the Company for a Second Term.
- Approval for the re-appointment of Mr. Gursharan Singh (DIN 00057602), as Chairman and Managing Director of the company and payment of remuneration to him.
- Approval for the re-appointment of Mr. Dev Raj Arya (DIN 00057582) as Whole-time Director & Chief Financial officer (CFO) of the company and payment of remuneration to him.

#### 25<sup>th</sup> September, 2018 -

- Approval for Renewal of the borrowing limits from ₹ 75,00,00,000/- (Rupees Seventy five Crores) to ₹ 100,00,00,000/- (Rupees One Hundred Crores) or the aggregate of the paid up share capital and free reserves of the Company, whichever is higher.
- Approval for Renewal of the limits of Creation of charges /mortgages/ hypothecation or otherwise on the movable or immovable properties of the Company in respect of borrowings, in terms of the provisions of section 180 (1) (a) of the Companies Act, 2013.

- Approval for Issue and allotment of equity shares of the Company on a preferential allotment basis through private placement.

**28<sup>th</sup> September, 2019-**

- Appointment of Mr. Anil Sharma (DIN: 00157911) as Non-Executive Non-Independent Director of the company and payment of retainership fees/ remunerations to him.
- Approval of remuneration of Mr. Gursharan Singh (DIN: 00057602), Chairman and Managing Director.
- Re-appointment of Mr. Dev Raj Arya (DIN: 00057582) as Whole-time Director & Chief Financial Officer and payment of remuneration to him.

**➤ DETAILS OF THE SPECIAL RESOLUTIONS PASSED DURING THE LAST FINANCIAL YEAR THROUGH POSTAL BALLOT**

During the previous year, pursuant to Section 110 of the Act read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) thereof made thereunder) the Company did not pass any resolutions through the Postal Ballot process. Therefore Procedure for postal ballot shall not be applicable.

Further, there are no Proposed Resolutions to be passed through Postal Ballot.

**V. MEANS OF COMMUNICATION**

Timely disclosure of the information on corporate financial performance and the corporate developments is a sign of good governance practice, which the Company follows:

**o Publication of quarterly results:**

Quarterly, half-yearly and annual financial results of the Company were published in leading English and vernacular language newspaper.

**o Website and News Releases:**

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website [www.raclgeartech.com](http://www.raclgeartech.com) gives information on various announcements made by the Company, Annual Reports, Quarterly/Half-yearly/Annual financial results, Quarter Compliances, etc. along with the applicable policies of the Company. Your Company's official news releases are also available on the Company's website.

**o Stock Exchanges:**

Your Company makes timely disclosures of necessary information to BSE Limited ("BSE") in terms of the Listing Regulations and other rules and regulations issued by the Securities and Exchange Board of India ("SEBI").

**o BSE Corporate Compliance & the Listing Centre:**

BSE Listing Centre is the web-based applications designed by BSE for the Corporates to electronically file all compliance related filings, inter alia, Shareholding Pattern, Corporate Governance Report, Corporate Announcements, amongst others in accordance with the Rules, Regulations and Guidelines issued by SEBI.

**o SCORES (SEBI Complaints Redress System)**

SCORES is a web-based centralized system provided by SEBI to the investors to lodge complaints against listed companies and registered intermediaries and is available 24\*7. It facilitates redressal of investor grievances in a speedy manner. The complainant may use SCORES portal to submit the grievance directly to companies/intermediaries and the complaint shall be forwarded to the entity for resolution. The entity is required to redress the grievance within 30 days, failing which the complaint shall be registered in SCORES.

**o Exclusive Email ID for investors**

The Company has designated the Email ID [investor@raclgeartech.com](mailto:investor@raclgeartech.com) exclusively for investor servicing, and the same is prominently displayed on the Company's website.

**VI. GENERAL SHAREHOLDERS INFORMATION**

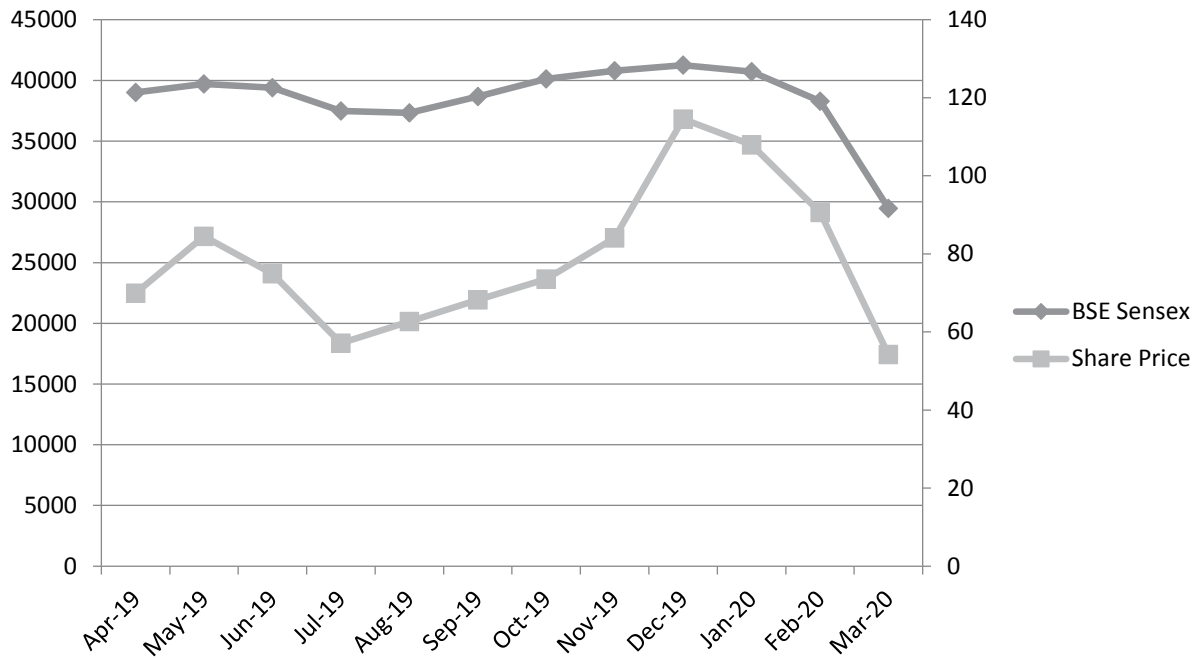
1.	<b>Annual General Meeting</b> Date Time Venue	21 <sup>st</sup> September, 2020 11:00 AM (Through Video Conferencing or Other Audio Visual Means)
2	Financial Year	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020
3	Date of Book Closure	15 <sup>th</sup> September, 2020 to 21 <sup>st</sup> September, 2020
4	Date of Dividend Payment	N.A.
5	Name and address of Stock Exchanges at which Company's securities are listed;	BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
6	Stock Code/ Symbol	BSE : 520073 ISIN No. : INE704B01017
7	Listing Fees to Stock exchanges	The Company has paid the Annual Listing Fees for the financial year 2020-21 to the above Stock Exchanges.
8	Custodial Fees to Depositories	The Company has paid custodial fees for the financial year 2020-21 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**Monthly high and low of the Equity Shares of the Company at BSE during the year ended 31<sup>st</sup> March, 2020 are as follows:**

Months during the financial year ended 31 <sup>st</sup> March, 2020	BSE	
	High (₹/share)	Low (₹/share)
April, 2019	83.9	69
May, 2019	85	70
June, 2019	87.5	68.8
July, 2019	77.4	55.05
August, 2019	67.4	53
September, 2019	73	60
October, 2019	76	60.35
November, 2019	93.75	71
December, 2019	118	78.1
January, 2020	116.9	103.25
February, 2020	135.95	87
March, 2020	97.85	49.1

Source: BSE website.

**The performance comparison of the Company's Share Price with BSE Sensex.**



**Share Transfer System**

The Company has appointed MAS Services Limited as the Registrar and Share Transfer Agent (“RTA”) of the Company. The work related to share transfer in terms of both physical and electronic mode is being dealt at single point by the RTA. After the completion of preliminary formalities of transfer/transmission by the RTA, the approval of transfer of shares in the physical form is given by the Stakeholders’ Relationship Committee (“SRC”) of the Board of Directors. However, SEBI, vide its Notification dated 8<sup>th</sup> June, 2018 has mandated dematerialization of shares held in physical form for registration of transfer of shares of the Company w.e.f. 1<sup>st</sup> April, 2019. Hence, all shareholders acquiring shares in physical form are required to dematerialize their shareholding before lodging for any transfer of shares.

The SRC meets periodically to inter alia approve the Share Transfer(s) etc. The Company has complied with the provisions of the requisite guidelines issued by the regulatory authorities in respect of the transfer of shares and other related matters.

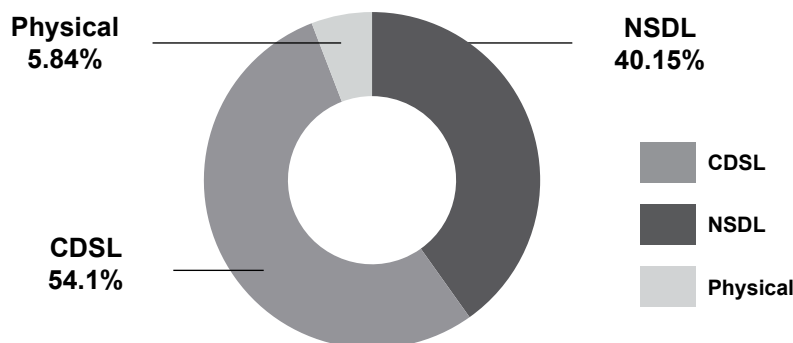
The Company obtains a half-yearly Compliance Certificate from a Company Secretary in practice to the effect that all certificates have been issued within 30 (thirty) days of the date of valid lodgement of transfer, sub-division, consolidation and renewal as required under Regulation 40(9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

**Distribution of Shareholding as on 31<sup>st</sup> March, 2020**

No. of Shares held of Nominal Value of ₹ 10 each	Shareholders		Total Shares	
	Number	% to Total	No. of Shares Held	% to Total
(1)	(2)	(3)	(4)	(5)
Upto 5000	7278	87.40	1120264	10.39
5001      10,000	532	6.39	447562	4.15
10,001      20,000	237	2.85	368798	3.42
20,001      30,000	103	1.24	265316	2.46
30,001      40,000	30	0.36	108700	1.01
40,001      50,000	32	0.38	149627	1.39
50,001      1,00,000	59	0.71	410436	3.81
1,00,001 and Above	56	0.67	7910897	73.37
<b>TOTAL</b>	<b>8327</b>	<b>100</b>	<b>10781600</b>	<b>100</b>

**Dematerialisation of Shares and Liquidity**

The Company has established connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Registrar & Share Transfer Agent- MAS Services Ltd. This has facilitated the shareholders to hold and trade their shares in 'electronic form'. As on 31<sup>st</sup> March, 2020, 10152609 Equity Shares of the Company, forming 94.17% of the shareholding stand dematerialized.

**Dematerialisation of Shares**

**VII. DISCLOSURES**
**a) Related Party Transactions**

There were no materially significant related party transactions i.e. transactions by the Company of material nature with the related parties which could conflict with the interests of the Company. All transactions entered into by the Company with related parties, during the financial year 2019-20, were in ordinary course of business and on arm's length basis. The details of the Related Party Transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

Also, the related party transactions undertaken by your Company were in compliance with the provisions set out in the Act and Regulation 23 of the Listing Regulations.

The policy on related party transactions has been placed on the Company's website [www.raclgeartech.com](http://www.raclgeartech.com).

The Company has adopted policy for determination of 'material subsidiary' and the same has been posted on the Company's website [www.raclgeartech.com](http://www.raclgeartech.com).

**b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years**

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years. However, the Company was charged with Non- Compliance of Regulation 17 by BSE Limited and penalty was imposed. But, the Company had pleaded against the said penalty as the aforesaid non-compliance was due to misinterpretation of law. The matter is sub-judice.

**c) Whistle Blower Policy/Vigil Mechanism**

Your Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers and shareholders in an ethical and lawful manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Your Company prohibits any kind of discrimination, harassment, victimization or any other unfair practice being adopted against an employee. In accordance with Listing Regulations and provisions of the Act, your Company has adopted a Vigil Mechanism/ Whistle Blower Policy with an objective to provide its employees a vigil mechanism whereby concerns can be raised in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication.

During the financial year ended 31<sup>st</sup> March, 2020, no personnel have been denied access to the Chairman of the Audit Committee of the Company.

The Whistle Blower Policy and related procedures are available on the corporate governance section of the Website [www.raclgeartech.com](http://www.raclgeartech.com).

**d) Policy for Determination of Materiality of Event or Information**

RACL Geartech Limited in compliance to Regulation 30 of Listing Regulations, has a "Policy for Determination of Materiality of Event or Information" and Board has also authorized key managerial personnel's – Mr. Gursharan Singh, Chairman & Managing Director and Mr. Dev Raj Arya, Director & CFO of the Company for determining materiality of an event or information and authorized Mr. Gursharan Singh, Chairman & Managing Director, Mr. Dev Raj Arya, Director & CFO and Company Secretary & Compliance Officer of the Company for making disclosure for the same to the Stock Exchange. However, after the resignation of Mr. Hitesh Kumar as the Company Secretary & Compliance Officer, Ms. Shagun Bajpai was appointed in his position and was handed over the said authority. The policy aims to ensure compliance with corporate governance principles by promoting disclosure and transparency. During the year, the Company has made disclosures to Stock Exchange at the time of occurrence of the event/ information and where applicable, made periodic disclosures on the associated material developments. Policy for Determination of Materiality of Event or Information is available under corporate governance section on the website [www.raclgeartech.com](http://www.raclgeartech.com).

**e) Document Preservation and Archival Policy**

The Board of RACL Geartech Limited in compliance to Regulation 9 of Listing Regulations, has a "Document Preservation and Archival Policy", the policy establishes guidelines for management, for preservation, archival and destruction of documents by the company. This policy sets out Data Retention Schedule for Company Documents and the related procedures to be followed to ensure compliance with this Policy. Retention periods are based on legal, tax, audit and defined business needs. Document Preservation and Archival Policy is available under corporate governance section on the website Document Preservation and Archival Policy of the Company.

**f) Compliance of Mandatory and Non-Mandatory Requirements**

The Company has complied with all the mandatory requirements of relevant regulations and schedules of Listing Regulations relating to Corporate Governance, in addition to the mandatory requirements, the Company has also adopted the following non-mandatory/ discretionary requirements of Regulation 27(1) read with Part E of Schedule II of the Listing Regulations is as below:-

**A. Shareholders rights**

Quarterly/ Half yearly / Annually financial results are published in leading newspapers and uploaded on company's website [www.raclgeartech.com](http://www.raclgeartech.com)

**B. Audit Qualification**

The Auditors report on the company's financial statements does not contain any qualification.

**C. Reporting of Internal Auditor**

The Internal Auditors directly report to the Audit Committee and Board of Directors of the company on quarterly basis.

**g) Compliance of Regulation 27 of the SEBI (LODR) Regulations 2015**

The Company has complied with the mandatory requirements specified in Regulation 17 to 27 & clause 'b' to 'i' of sub-regulation (2) of Regulation 46 of the SEBI (LODR) Regulations 2015. The Company has also complied with relevant para of Schedule V of Listing Regulations on Corporate Governance.

**h) Code of Conduct for Prevention of Insider Trading**

In view of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amended SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, a "Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons" was amended and adopted by the company. The Code lays down guidelines which advise management and staff on procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

**i) Disclosure of Accounting Treatment**

In the preparation of financial statements, the company has followed the applicable Accounting Standards i.e. IndAS, issued by the Institute of Chartered Accountants of India to the extent applicable and other applicable act(s) and regulation(s).

**j) Commodity Price Risk/foreign exchange risk and hedging activities**

Though the company has been in export business (sale of gears) but it always realizes the invoice value of its goods by way of bill discounting from RBL Bank Limited and Citi Bank and has natural hedging against Foreign Exchange Exposure. The Company does not over expose itself against foreign currency; however there is natural risk of minor exchange fluctuation and company keeps a close watch on the exchange rate movement.

**k) Disclosures of Risk Management**

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure, which is periodically reviewed by the Board.

**l) Details of utilization of funds raised through preferential allotment or qualified institutional placements as specified under Regulation 32 (7A) [Proceeds from public issue, rights issue, preferential issue, FCCB issue]**

During the year under review Company has not raised any funds from public issue, rights issue and FCCB issue. However, during the year under review the Company has raised funds through preferential issue and issued and allotted 500,000 equity shares of the face value of ₹ 10/- each on Preferential Allotment basis through private placement, at a price of ₹ 72.50/- (including a premium of ₹ 62.50/-) per Equity Share to Mr. Gursharan Singh, Chairman & Managing Director and Promoter of the Company, as per the provisions of Section 42 and 62 of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or as amended from time to time, SEBI (Listing Obligations and Disclosure Requirements) 2015 and any other applicable act(s) or regulation(s), if any, to the extent applicable on the Company.

In view of the Regulation 32 (7A) of Listing Regulations this is to confirm that, your Company has raised funds for its business, operational and general corporate requirements through the aforesaid preferential allotment and during the year under review fully utilized the funds for the said purposes.

**m) Certificate from Practicing Company Secretary**

Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has obtained a certificate from Mr. K. K. Malhotra, Practicing Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority in accordance with Listing Regulations. The copy of the same is enclosed with this report.

**n) All the recommendations of Board Committees have been accepted by the Board of Directors during the year.**

**o) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.**

The total fee paid to statutory auditor is given in Note No. 31 of Financial Statements (Part of the Annual Report).

**p) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

S. No.	Particulars of Disclosures	Remarks
1.	Number of complaints pending at the start of the financial year 2019-20	Nil
2.	Number of complaints filed during the financial year 2019-20	Nil
3.	Number of complaints disposed off during the financial year 2019-20	Nil
4.	Number of complaints pending as on end of the financial year 2019-20	Nil

**q) Reconciliation of Share Capital Audit**

K.K. Malhotra & Co., Company Secretaries carried out quarterly Share Capital Audit for the purpose of reconciliation of Share Capital held with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and in physical form with the issued/listed capital during the period under review. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**r) Compliance with mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

The Corporate Governance Report of the Company for the financial ended 31<sup>st</sup> March, 2020 is in compliance with the requirements of the Listing Regulations.

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations.

**s) Unclaimed Shares**

As on 31<sup>st</sup> March, 2020, the Company does not have any unclaimed shares, hence the requirement of Demat Suspense Account / Unclaimed Suspense Account not applicable on the Company.

**t) Credit Ratings**

During the year, CARE Ratings has assigned Credit rating of bank facilities for Rs. 78.99 crore to the Company, as per the Rating Rationale given below:



Facilities	Amount (₹ crore)	Ratings	Rating Action
Long-term Bank Facilities	97.58 (Enhanced from ₹ 76.99 Crore)	CARE BBB; Positive [Triple B; Outlook: Positive]	Rating reaffirmed; Outlook revised to Positive
Short-term Bank Facilities	5.00 (Enhanced from ₹ 2.00 Crore)	CARE A3	Reaffirmed
Total	102.58 (Rupees One Hundred & Two Crore and Fifty- Eight Lakh only)		

## DISCRETIONARY REQUIREMENTS

### A. The Board

The Company has Mr. Gursharan Singh as the Chairman & Managing Director of the Company who is an Executive Director and is paid due remuneration in accordance with the provisions of the Act and Listing Regulations.

### B. Shareholders' Rights

The Company's quarterly results are published in an English newspaper having a circulation all over India and in a Hindi newspaper having a circulation in the region of National Capital Territory of Delhi and also uploaded on the Company's website [www.raclgeartech.com](http://www.raclgeartech.com), the half-yearly declaration of financial performance is not sent separately to each household of shareholders of the Company.

### C. Modified Opinion in Audit Report

The Statutory Auditors have given their Audit Report with unmodified opinion for the financial statements for the financial year. The Declaration, in accordance with Regulation 33 of the Listing Regulations has been submitted with the Stock Exchange along with the Financials Results for the Quarter and Year ended 31<sup>st</sup> March, 2020.

### D. Reporting of Internal Auditors

The Report of the Internal Auditors is placed before the Audit Committee on periodical basis.

## VIII. PLANT LOCATIONS

- Unit I- A-3, Industrial Area, Gajraula, District Amroha, Uttar Pradesh - 244223, India
- Unit II- A-62, Sector-63, Noida, District Gautam Budh Nagar, Uttar Pradesh -201307, India

**OVERSEAS SUBSIDIARY: RACL GEARTECH GmbH, Austria**

## IX. ADDRESS FOR CORRESPONDENCE

### CORPORATE OFFICE

#### INVESTOR RELATIONS DEPARTMENT

B-9, Sector-3, Noida- 201301  
 Tel No.:+ 91-120-4588500  
 Fax: +91-11-41609909  
 E mail id: [investors@raclgeartech.com](mailto:investors@raclgeartech.com)  
 Website: [www.raclgeartech.com](http://www.raclgeartech.com)

### REGISTRAR AND SHARE TRANSFER AGENTS

#### MAS SERVICES LIMITED

T-34, Second Floor,  
 Okhla Industrial Area, Phase-II, New Delhi- 110020  
 Tel No.: +91-11-26387281- 83  
 Fax: +91-11-26387284  
 E-mail ID: [info@masserv.com](mailto:info@masserv.com)  
 Website: [www.masserv.com](http://www.masserv.com)

## COMPLIANCE OFFICER

### Ms. Shagun Bajpai

Company Secretary  
 ICSI Membership No.: A45982

## COMPLIANCE CERTIFICATE

(Issued in accordance with the provisions of Regulation 17(8) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
**The Members,**  
**RACL Geartech Limited**

Dear Sirs,

We have reviewed the Financial Statements together with the Cash Flow Statement of RACL Geartech Limited for the financial year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief, we state that;

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2020 which is fraudulent, illegal or violative of the Company's code of conduct.
4. We accept the responsibility for establishing and maintaining internal controls for financial accounting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there had been no deficiency in design or operation of such internal controls during the period under review.

We further certify that the following information has been indicated to the Auditors and the Audit Committee:

- a. There have been no significant changes in internal control over financial reporting during the year;
- b. There have been no significant changes in accounting policies during the year; and
- c. There have been no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For and on Behalf of the Board of Directors**  
**RACL Geartech Limited**

**Mr. Gursharan Singh**  
**Chairman & Managing Director**  
**DIN: 00057602**

**Mr. Dev Raj Arya**  
**Whole-Time Director & CFO**  
**DIN: 00057582**

**Date: 23<sup>rd</sup> June, 2020**

**Place: Noida**

## DECLARATION BY THE MANAGING DIRECTOR

(Under regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)

I, Gursharan Singh, Chairman & Managing Director of RACL Geartech Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Company's "Code of Conduct for Directors and Senior Management Personnel" for the financial year ended on 31<sup>st</sup> March, 2020.

**For and on behalf of the Board**  
**RACL Geartech Limited**

**Place: Noida**  
**Date: 23<sup>rd</sup> June, 2020**

**Gursharan Singh**  
**Chairman and Managing Director**  
**DIN: 00057602**

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
**The Members of**  
**RACL Geartech Limited**  
 15<sup>th</sup> Floor, Eros Corporate Tower,  
 Nehru Place New Delhi- 110019

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of RACL Geartech Limited having CIN: L34300DL1983PLC016136 and having registered office at 15th Floor, Eros Corporate Tower, Nehru Place New Delhi- 110019 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) or other applicable provisions of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other act(s) or regulation(s), if any.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Director on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Director of company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Designation	Date of appointment
1	Gursharan Singh	00057602	Chairman & Managing Director	23/08/2002
2	Narinder Paul Kaur	02435942	Non-Executive & Non-Independent Director	30/09/2015
3	Rakesh Kapoor	00015358	Independent Director	30/09/2014
4	Raj Kumar Kapoor	00110338	Independent Director	30/09/2011
5	Anil Sharma	00157911	Non-Executive & Non-Independent Director	30/09/2006
6	Shashank Ramesh Anikhindi	07787889	Independent Director	29/09/2017
7	Dev Raj Arya	00057582	Whole-time Director & CFO	22/10/2002
8	Jagdish Keswani	02146267	Independent Director	11/11/2019

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For K.K. Malhotra & Company**  
**Company Secretaries**

**K.K. Malhotra**  
**(Proprietor)**

**FCS No. 1410, C.P No. 446**

**Place: New Delhi**  
**Date: 22<sup>nd</sup> July, 2020**

## **PRACTICING COMPANY SECRETARY CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To

**The Members of RACL Geartech Limited**

We have examined the compliance of conditions of Corporate Governance by RACL Geartech Limited (“the Company”), for the year ended March 31, 2020, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of regulation 46 and paragraph C, D and E of Schedule V and other applicable regulations of the Securities and Exchange Board of India (Listing Obligation and Disclosure requirements) Regulations, 2015 (‘Listing Regulations).

The compliance of conditions of corporate governance is the responsibility of the Company’s Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for the ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For K.K. Malhotra & Company  
Company Secretaries**

**K.K. Malhotra  
(Proprietor)  
FCS No. 1410, C.P No. 446**

**Place: Delhi  
Date: 7<sup>th</sup> August, 2020**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RACL GEARTECH LIMITED**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the Standalone Financial Statements of RACL Geartech Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, 2020, and its profit, 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 Standalone 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 Standalone 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.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the financial year ended 31st March, 2020. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

Key audit matters	How our audit addressed the key audit matter
<b>A. Allowance for credit losses</b>	
<p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.</p>	<p>Our audit procedures related to the allowance for credit losses for trade receivables and unbilled revenue included the following, among others: We tested the effectiveness of controls over the (1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses. For a sample of customers: We tested that the estimated credit loss assessment was in line with the subsequent movement in invoice payments in the period occurring between the reporting date and the date of approval of Standalone Financial Statements. We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.</p>

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the Standalone Financial Statements and our auditor’s report thereon.

Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

**Responsibility of Management and Those Charged with Governance for the Standalone 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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. 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 Standalone 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 Standalone 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 Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 it 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 Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements, including the disclosures, and whether the Standalone 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, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
  - 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, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company has disclosed pending litigations as mentioned in Note No. 42 to the Standalone Financial Statements which would impact its financial position;
    - ii. The Company does not envisage any material foreseeable losses in long-term contracts including derivative contract requiring provision;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the Company has paid remuneration to its directors during the year in accordance with the section 197 of the Act.

**For Gianender & Associates  
Chartered Accountants  
(Firm’s Registration No. 004661N)**

**Manju Agrawal  
Partner  
(M. No. 083878)**

**Place: New Delhi  
Date : 29<sup>th</sup> June, 2020**



## ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

### For the Year ended as on 31<sup>st</sup> March 2020

**Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-**

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the Company.
- ii. The inventories, except for stocks lying with third parties where certificates confirming stocks have been received in respect of most of the stocks hold, have been physically verified by the management during the year at reasonable interval. According to information & explanations given to us, the discrepancies noticed on verification between the physical stock and books record, have been properly dealt with in the books of accounts.
- iii. According to information & explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. In our opinion and according to the information and explanation given to us, in respect of loans, investment, guarantees, and security, the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- vi. It has been represented by the management that for the activities carried on by the company, the Central Govt has not specified maintenance of cost records under sub section (1) of 148 of the Companies Act 2013.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess, GST and other statutory dues during the year with the appropriate authorities. As on 31<sup>st</sup> March 2020, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable .  
  
b) According to the information and explanation given to us, there are no dues of sales tax, service tax, duty of customs, duty of excise, value added tax, cess, GST and any other statutory dues which have not been deposited on account of dispute except relating to Income Tax as per detail given below:

Name of the Statute	Nature of the dues	Amount (INR lacs)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income Tax Act, 1961	143(1)	34.2	AY 2008-09	With AO for rectification	
Income Tax Act, 1961	115 WE	5.64	AY 2009-10	With AO for rectification	
Income Tax Act, 1961	143(1A)	63.77	AY 2019-20	CPC for rectification	

- viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has taken loan from various banks and financial institutions. The Company has not taken any loans or borrowings from any Government and not issued any debentures during the year.

The Company has not defaulted in repayment of dues to banks and financial institutions in respect of Interest and Principal during the year.

- ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer during the year.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.
- xi. According to the information and explanation given to us, the Company has paid managerial remuneration as per section 197 of Companies Act, 2013 during the year.
- xii. The Company is not a Nidhi Company and hence clause 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, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Standalone 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 made allotment of the equity shares on preferential basis through private placement, during the year in compliance with Section 42 of the Companies Act, 2013 and the amount raised have been used for the purpose for which the funds were raised.
- 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 any non-cash transactions with directors or persons connected with him. 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, 2034.

**For Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)**

**Manju Agrawal  
Partner  
(M. No. 083878)**

**Place: New Delhi  
Date : 29<sup>th</sup> June, 2020**

## **ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in our Report of even date)**

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

We have audited the internal financial controls with reference to Standalone Financial Statements of **RACL Geartech Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone 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 financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 with reference to Standalone Financial Statements.

#### **Meaning of Internal Financial Controls with reference to Standalone Financial Statements**

A company's internal financial control with reference to these Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being

made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

#### **Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to these Standalone 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 to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2020, based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)**

**Manju Agrawal  
Partner  
(M. No. 083878)**

**Place: New Delhi  
Date : 29<sup>th</sup> June, 2020**

**Standalone Balance Sheet as at 31<sup>st</sup> March, 2020**

(₹ in Lakh)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	2	<b>10,823.44</b>	9,450.97
(b) Intangible Asset	3	<b>15.91</b>	12.86
(c) Capital work-in-progress	4	<b>29.36</b>	18.88
(d) Financial assets	5	<b>192.82</b>	113.34
(e) Other non-current assets	6	<b>15.14</b>	50.67
<b>Total Non-current Assets</b>		<b>11,076.67</b>	9,646.72
<b>Current Assets</b>			
(a) Inventories	7	<b>4,147.46</b>	3,600.61
(b) Financial assets			
i. Trade receivables	8	<b>5,374.30</b>	5,088.64
ii. Cash and cash equivalents	9	<b>65.78</b>	69.87
iii. Other Financial assets	10	<b>475.83</b>	320.14
(c) Other current assets	11	<b>1,083.61</b>	870.28
<b>Total Current Assets</b>		<b>11,146.97</b>	9,949.54
<b>Total Assets</b>		<b>22,223.64</b>	19,596.26
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12.a	<b>1,078.16</b>	1,028.16
(b) Other Equity	12.b	<b>7,437.44</b>	5,618.59
<b>Total Equity</b>		<b>8,515.60</b>	6,646.75
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
Borrowings	13	<b>3,073.42</b>	3,136.31
Other	14	<b>302.09</b>	
(b) Provisions	15	<b>697.90</b>	643.23
(c) Deferred tax liabilities (Net)	16	<b>694.89</b>	666.21
(d) Other Non- Current Liabilities	17	<b>79.93</b>	135.45
<b>Total Non-current Liabilities</b>		<b>4,848.22</b>	4,581.20
<b>Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	18	<b>4,366.92</b>	4,388.95
ii. Trade payables	19	<b>1,903.96</b>	2,140.78
iii. Other financial liabilities	20	<b>2,178.04</b>	1,499.91
(b) Other current liabilities	21	<b>250.51</b>	195.14
(c) Provisions	22	<b>134.92</b>	71.03
(d) Current tax Liabilities (Net)	23	<b>25.46</b>	72.50
<b>Total Current Liabilities</b>		<b>8,859.81</b>	8,368.31
<b>Total Liabilities</b>		<b>13,708.03</b>	12,949.51
<b>Total Equity and Liabilities</b>		<b>22,223.64</b>	19,596.26

Notes 1 to 46 forms part of the Financial Statements

**For Gianender & Associates**  
 Chartered Accountants  
 FRN: 004661N

**MANJU AGARWAL**  
 (Partner)  
 M.No :083878

 Place: Noida  
 Date : 29<sup>th</sup> June, 2020

**GURSHARAN SINGH**  
 (Chairman & M.D.)  
 DIN: 00057602

**D.R. ARYA**  
 (Director & CFO)  
 DIN: 00057582

**NARINDER PAUL KAUR**  
 (Director)  
 DIN: 02435942

**ANIL SHARMA**  
 (Director)  
 DIN : 00157911

**JAGDISH KESWANI**  
 (Director)  
 DIN: 02146267

**RAKESH KAPOOR**  
 (Director)  
 DIN : 00015358

**HPS BEDI**  
 (Director)  
 DIN : 05217488

**By Order of the Board**  
 For RACL Geartech Limited

**SHASHANK RAMESH ANIKHINDI**  
 (Director)  
 DIN : 07787889

**RAJ KUMAR KAPOOR**  
 (Director)  
 DIN : 00110338

**SHAGUN BAJPAI**  
 (Company Secretary)  
 ICSI MEM. NO. A45982

**Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020**
**(₹ in Lakh)**

Particulars	Notes	Year endend March 31, 2020	Year endend March 31, 2019
Revenue from operations	24	<b>21,232.92</b>	18,995.12
Other income	25	<b>51.61</b>	101.31
<b>Total Income</b>		<b>21,284.53</b>	19,096.43
<b>Expenses</b>			
Cost of Material Consumed	26	<b>7,076.70</b>	6,858.20
Changes in inventories of finished goods WIP and Stock in Trade	27	<b>(261.45)</b>	(483.31)
Employee benefits expenses	28	<b>2,462.50</b>	2,211.26
Finance Costs	29	<b>844.22</b>	637.59
Depreciation and Amortisation Expenses	30	<b>1,127.73</b>	799.59
Other Expenses	31	<b>7,844.00</b>	7,338.97
<b>Total expenses</b>		<b>19,093.70</b>	17,362.30
Profit before exceptional items and tax		<b>2,190.82</b>	1,734.13
Add: Exceptional items			
Profit before tax			
Less: Tax expense			
(1) Current tax			
Previous Year tax Paid		<b>(9.10)</b>	(148.95)
Tax Payable		<b>(549.00)</b>	(373.28)
Less : MAT credit entitlement			12.34
		<b>(558.10)</b>	(509.89)
(2) Deferred tax		<b>65.25</b>	(247.00)
		<b>(492.85)</b>	(756.89)
<b>Profit for the period from continuing operations</b>		<b>1,697.97</b>	977.24
<b>Other Comprehensive Income</b>			
Remeasurements of the defined benefit plans		<b>(61.70)</b>	(34.01)
<b>Total other comprehensive income</b>		<b>(61.70)</b>	(34.01)
<b>Total comprehensive income for the period</b>		<b>1,636.27</b>	943.23
<b>Earnings per share (Face Value ₹ 10/- per share) Not annualised :</b>			
(1) Basic (in ₹)	32	<b>15.33</b>	9.34
(2) Diluted (in ₹)		<b>15.33</b>	9.34

Notes 1 to 46 forms part of the Financial Statements

**For Gianender & Associates**  
**Chartered Accountants**  
**FRN: 004661N**
**MANJU AGARWAL**  
 (Partner)  
 M.No :083878

**GURSHARAN SINGH**  
 (Chairman & M.D.)  
 DIN: 00057602

**D.R. ARYA**  
 (Director & CFO)  
 DIN: 00057582

**NARINDER PAUL KAUR**  
 (Director)  
 DIN: 02435942

**ANIL SHARMA**  
 (Director)  
 DIN : 00157911

**JAGDISH KESWANI**  
 (Director)  
 DIN: 02146267

**RAKESH KAPOOR**  
 (Director)  
 DIN : 00015358

**HPS BEDI**  
 (Director)  
 DIN : 05217488

**By Order of the Board**  
**For RACL Geartech Limited**
**SHASHANK RAMESH ANIKHINDI**  
 (Director)  
 DIN : 07787889

**RAJ KUMAR KAPOOR**  
 (Director)  
 DIN : 00110338

**SHAGUN BAJPAI**  
 (Company Secretary)  
 ICSI MEM. NO. A45982

**Place: Noida**  
**Date : 29<sup>th</sup> June, 2020**

## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit /( Loss) after tax	1,636.27	943.23
<b>Adjustment for:</b>		
Depreciation / Amortization	1,127.73	799.59
Interest charges	844.22	637.59
Impairment	102.77	
(Profit)/Loss on sale of asset	8.93	7.58
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,719.93</b>	<b>2,387.99</b>
Increase/(Decrease) in Other Liabilities - Non Current	(26.84)	509.96
Increase/(Decrease) in Other Financial Liabilities	980.21	314.50
Increase/(Decrease) in Trade Payable - Current	(236.82)	59.09
Increase/(Decrease) in Long-term provisions - Non current	54.67	73.48
Increase/(Decrease) in Short-term provisions - current	63.89	(11.63)
Increase/(Decrease) in Other current liabilities	(524.31)	(96.15)
(Increase)/Decrease in Inventories	(546.85)	(298.18)
(Increase)/Decrease in Trade Receivable	(285.66)	(1,033.55)
(Increase)/Decrease in Other non current financial assets	(79.48)	14.85
(Increase)/Decrease in Other non current assets	35.53	(29.05)
(Increase)/Decrease in Other current assets	(213.33)	(141.72)
(Increase)/Decrease in Other Current financial Asset	(155.69)	(140.92)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2,785.26</b>	<b>1,608.67</b>
Direct taxes paid	(532.64)	(300.78)
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>3,317.90</b>	<b>1,909.45</b>
<b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,767.69)	(3,156.72)
Proceeds from Sale of PPE	142.26	61.13
<b>NET CASH GENERATED (USED IN) INVESTING ACTIVITIES</b>	<b>(2,625.43)</b>	<b>(3,095.59)</b>
<b>C.CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) from long term borrowings	(84.92)	1546.57
Proceeds from share capital	50.00	35.00
Dividend Paid	(107.82)	-
Dividend Distribution Tax	(22.16)	-
Proceeds from share premium	312.56	201.25
Interest and finance charges paid	(844.22)	(637.59)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(696.56)</b>	<b>1,145.23</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(4.09)</b>	<b>(40.91)</b>
<b>Cash and cash equivalents as at March 31,2019</b>	<b>69.87</b>	<b>110.78</b>
<b>Cash and cash equivalents as at March 31, 2020</b>	<b>65.78</b>	<b>69.87</b>
<b>Net Cash Flow</b>	<b>(4.09)</b>	<b>(40.91)</b>

For Gianender & Associates  
 Chartered Accountants  
 FRN: 004661N

**MANJU AGARWAL**  
 (Partner)  
 M.No :083878

Place: Noida  
 Date : 29<sup>th</sup> June, 2020

**GURSHARAN SINGH**  
 (Chairman & M.D.)  
 DIN: 00057602

**D.R. ARYA**  
 (Director & CFO)  
 DIN: 00057582

**NARINDER PAUL KAUR**  
 (Director)  
 DIN: 02435942

**ANIL SHARMA**  
 (Director)  
 DIN : 00157911

**JAGDISH KESWANI**  
 (Director)  
 DIN: 02146267

**RAKESH KAPOOR**  
 (Director)  
 DIN : 00015358

**HPS BEDI**  
 (Director)  
 DIN : 05217488

By Order of the Board  
 For RACL Geartech Limited

**SHASHANK RAMESH ANIKHINDI**  
 (Director)  
 DIN : 07787889

**RAJ KUMAR KAPOOR**  
 (Director)  
 DIN : 00110338

**SHAGUN BAJPAI**  
 (Company Secretary)  
 ICSI MEM. NO. A45982

## Standalone Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2020

**A. Equity Share Capital**

(₹ in Lakh)

Movement during the year	Number of shares (In Lakh)	Share Capital (Amount)
<b>Equity</b>		
<b>Authorised ( Equity Shares of ₹ 10/- each )</b>	<b>200.00</b>	2,000.00
<b>Issued &amp; Subscribed (Equity Shares of Rs.10/- each )</b>		
Balance at the beginning of the period as at 01.04.2019	<b>112.90</b>	1,129.00
Change during the year	<b>5.00</b>	50.00
<b>Balance at the end of the period as at 31.03.2020</b>	<b>117.90</b>	1,179.00
<b>Paid up Share Capital</b>		
Balance at the beginning of the period as at 01.04.2019	<b>102.82</b>	1,028.16
Change during the year	<b>5.00</b>	50.00
<b>Balance at the end of the period as at 31.03.2020</b>	<b>107.82</b>	1,078.16

**B. Other Equity**
**Movement in Other Equity**

(₹ in Lakh)

Particulars	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance at the beginning of the reporting period i.e. 01.04.2019</b>	41.95	382.75	5,193.89	5,618.59
Changes in accounting policy or prior period errors		-	-	-
Restated balance at the beginning of the reporting period	41.95	382.75	5,193.89	5,618.59
Total Comprehensive income for the year		312.56	1636.27	1,948.83
Less: Dividend Paid			(107.82)	(107.82)
Less: Dividend Distribution Tax			(22.16)	(22.16)
Transfer to retained earnings		-	-	-
<b>Balance at the end of the reporting period i.e. 31.03.2020</b>	<b>41.95</b>	<b>695.31</b>	<b>6,700.18</b>	<b>7,437.44</b>

**Previous Year**

(₹ in Lakh)

Particulars	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance at the beginning of the reporting period i.e. 01.04.2018</b>	41.95	181.50	4,250.66	4,474.11
Changes in accounting policy or prior period errors		-	-	-
Restated balance at the beginning of the reporting period	41.95	181.50	4,250.66	4,474.11
Total Comprehensive income for the year	-	201.25	943.23	1,144.48
Transfer to retained earnings	-	-	-	-
<b>Balance at the end of the reporting period i.e. 31.03.2019</b>	<b>41.95</b>	<b>382.75</b>	<b>5,193.89</b>	<b>5,618.59</b>



## NOTES TO ACCOUNTS

### NOTE NO 1.

#### GENERAL INFORMATION

RACL Geartech Ltd (referred to as 'RACL' or 'Company') was established in the year 1989 for producing automotive components in the field of Motorcycles & Scooters, 3&4 Wheeler Passenger & Cargo Vehicles, Agricultural Machinery, Tractors, ATV, Light & Heavy Commercial Vehicles, etc. The company has also expanded into sub-assemblies, industrial Gears for electrical switch Gears and Circuit Breakers, Winches and Cranes.

It is a customer centric Organisation obsessed with world class benchmarking and are supplying to top Global OEM's like BMW Mottarad, Germany, Kubota Corporation (Japan, Thailand and USA) , IT Switzerland (Same Group Company), KTM AG (Austria) Schneider Electric (Germany) , Dana (Italy and China) amongst others .

#### A. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

##### (a) Statement of Compliance

The shares of the company are listed on Bombay Stock Exchange (BSE).

The Company's financial statements complies in all material aspects with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013 (the Act).

##### (b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items:

Item	Measurement
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Present value of defined benefit obligations

##### (c) Use of Estimates and Judgements

Preparation of these financial statements is in conformity with Ind AS. It requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for expected credit loss, future obligations in respect of retirement benefit plans, fair value measurement etc.

##### (d) Measurement of Fair Value

Accounting Policies and disclosures requires measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date.
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

##### (e) Operating Cycle

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

**Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 modified in accordance with the requirements of Ind AS. The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees.

**B SIGNIFICANT ACCOUNTING POLICIES****B1 INCOME RECOGNITION****a. Revenue from Contracts with customers:**

The Company has adopted Ind AS 115 “Revenue from Contracts with Customers” with the date of initial application being April 1, 2018. Ind AS 115, revenue from contracts with customers, mandatory for reporting period beginning on or after April 1, 2018 replaced existing revenue recognition requirements i.e. Ind AS 18 Revenue Recognition and Ind AS 11 Construction Contracts. There were no significant adjustments required to the retained earnings as on April 1, 2018. Also the application of IND AS 115 did not have any significant impact on recognition and measurement for revenue and related items in the financial results.

**Accordingly, the policy for Revenue is amended as under:**

The Company derives revenue primarily from sale of goods to the Customer. To recognize revenue, the Company applies the following five step approach:

**(1) Identify the contract with a customer:**

The Company observe the following criteria:

- a. Parties to the contract have approved the contract.
- b. Parties are committed to performing their respective obligations.
- c. Each party’s rights and payment for the contract is identified.
- d. A contract has commercial substance.
- e. Probable collection of the consideration by the entity.

**(2) Identify the performance obligations in the contract:** The Company assesses its promise to transfer goods to a customer to identify separate performance obligations. The Company applies judgment to determine whether each good promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods are combined and accounted as a single performance obligation.**(3) Determine the transaction price:** Transaction price is fixed and determined based on the terms of contract and Company’s customary practice and any consideration payable to the customers includes cash amounts, credits, rebates and other similar allowances is reduced from the transaction price.**(4) Allocate the transaction price to the performance obligation in the contract.** The Company allocates the transaction price to each performance obligation identified in a contract on a relative stand-alone selling price basis.**(5) Recognize revenue when a performance obligation is satisfied:** Revenue should be recognised when (or as) the Company satisfies a performance obligation by transferring a promised goods or services to a customer (customer obtains control). For each performance obligation, The Company determine the performance obligation at a point of time when all the following conditions are satisfied:

1. The Company has a present right to pay for the goods.
2. The Customer has legal tittle to the goods.
3. The Company has transferred physical possession of the goods.
4. Customer has significant risk and reward of ownership.
5. Customer has accepted the goods.

**b. Other Income:**

Dividend income from investments is recognized when the company's right to receive payment has been established.

Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

**B2 PROPERTY, PLANT AND EQUIPMENT (PPE)**

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Management has reviewed the depreciation policy and machineries have been depreciated accordingly.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment, and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. Depreciation is charged on a pro-rata basis at the straight line method over estimated economic useful lives of its property, plant and equipment generally in accordance with that provided in the Schedule II to the Act.

Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that it is classified as held for sale) in accordance with Ind AS 105 and the date that the asset is de-recognized. Therefore depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

However under usage methods of depreciation the depreciation charge can be zero while there is no production.

Depreciation on additions/ deductions is calculated pro-rata from/ to the month of additions/ deductions.

An item of property, plant and equipment is derecognized upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement or profit and loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

**B3 INTANGIBLE ASSETS**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**B4 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

The carrying amount of assets are reviewed at each Balance Sheet date, to assess, if there is any indication

of impairment based on internal/external factors. An asset is impaired when the carrying amount of the assets exceeds the recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## **B5 INVENTORY**

Inventories are valued at the lower of cost, determined on the weighted average basis and Net Realisable Value (NRV).

The cost of Finished Goods and Work in Progress comprises raw material, direct labour, other direct cost and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of Inventories also include all the cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated cost necessary to make the sale.

## **B6 FOREIGN CURRENCY TRANSACTION**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognized 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 recognized in profit or loss in the period in which they arise.

Foreign currency derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

## **B7 EMPLOYEE BENEFIT**

Company's contributions paid/ payable during the year to Provident Fund and Employees' State Insurance Corporation (ESIC) are recognized in the Profit & Loss Account; Provident Fund contributions are made to a Trust administered by the company. The interest rate payable to the members of this trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the company. The remaining contributions are made to a Government Administered Employee Pension Fund towards which the company has no further obligations beyond its monthly contributions.

Defined benefits and other long term employee benefits are provided on the basis of actuarial valuation made at the end of each financial year. Actuarial gain or losses arising from such valuation are charged to Other Comprehensive Income in the year in which they arise.

## **B8 RESEARCH AND DEVELOPMENT EXPENDITURE**

Expenditure on research activities is recognized as an expense in the period in which it is incurred where no internally generated asset can be recognized.

## **B9 FINANCIAL INSTRUMENT**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### **a. Financial Assets**

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortized cost (unless the same are designated as fair value through profit or loss (FVTPL)):

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

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

Debt instruments at FVTPL are a residual category for debt instruments and all changes are recognized in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income (OCI) for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on Fair Value Through Other Comprehensive Income (FVTOCI) debt instruments is recognized in profit or loss and other changes in fair value are recognized in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

### **b. Financial Liabilities and Equity Instruments**

#### **(1) Classification as debt or equity**

Debt and equity instruments issued by Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### **(2) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

#### **(3) Financial liabilities**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The carrying amounts of financial liabilities that are

subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance Costs' Line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

- Loans and borrowings are subsequently measured at amortized costs using Effective Interest Rate method.
- Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.
- Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.
- Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

#### **B10 IMPAIRMENT OF FINANCIAL ASSETS (EXPECTED CREDIT LOSS MODEL)**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on 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.

#### **B11 PROVISIONS**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized 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 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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## **B12 WARRANTIES**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise- being typically six months to one year.

## **B13 CURRENT AND NON CURRENT CLASSIFICATION**

### **Current Asset:**

An asset shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded.
- (c) It is expected to be realized within twelve months after the reporting date, or
- (d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

### **Current Liabilities:**

A liability shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date: or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other liabilities shall be classified as non-current.

## **B14 DEFERRED TAX & CURRENT TAX**

### **a. Deferred tax**

Deferred tax is recognized 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 profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized 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. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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 realized, 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.

**b. Current and deferred tax for the year**

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

**B15 EARNING PER SHARE (EPS)**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earnings per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential Equity Shares.

**B16 LEASE**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset
- The Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- The Company has the right to direct the use of the asset

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.



The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### C Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/ (loss) is adjusted for the effects of:

- Transactions of a non-cash nature;
- Any deferrals or accruals of past or future operating cash receipts or payments and,
- All other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

### D Borrowings Cost:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

**For Gianender &  
Associates  
Chartered Accountants  
FRN: 004661N**

**MANJU AGARWAL**  
(Partner)  
M.No :083878

**GURSHARAN SINGH**  
(Chairman & M.D.)  
DIN: 00057602

**D.R. ARYA**  
(Director & CFO)  
DIN: 00057582

**NARINDER PAUL  
KAUR**  
(Director)  
DIN: 02435942

**ANIL SHARMA**  
(Director)  
DIN : 00157911

**Place: Noida  
Date : 29<sup>th</sup> June, 2020**

**By Order of the Board  
For RACL Geartech Limited**

**SHASHANK RAMESH  
ANIKHINDI**  
(Director)

**RAJ KUMAR KAPOOR**  
(Director)  
DIN : 00110338

**SHAGUN BAJPAI**  
(Company Secretary)  
ICSI MEM. NO. A45982

**JAGDISH KESWANI**  
(Director)  
DIN: 02146267

**RAKESH KAPOOR**  
(Director)  
DIN : 00015358

**HPS BEDI**  
(Director)  
DIN : 05217488

**Notes to the Standalone financial statements for the Year ended 31<sup>st</sup> March, 2020**
**Property, plant and equipment**

(₹ in Lakh)

Particulars	Note No	Cost or Deemed cost			Accumulated depreciation			Impairment		Carrying Amount	
		Balance as at April 1, 2019	Additions	Disposals	Balance at March 31, 2020	Disposals	Balance at March 31, 2020	Balance as at April 1, 2019	Impairment loss / reversal during the year	Balance at March 31, 2020	As at March 31, 2019
Building		933.48	285.56	89.30	1,129.74	39.41	125.57	-	-	1,004.17	838.22
Right To Use Buildings		-	472.13	-	472.13	-	88.67	-	-	383.46	-
Plant & Machinery		7,802.66	1,944.56	196.64	9,550.58	111.45	1,617.37	-	99.22	7,833.99	6,904.61
Furniture & Fixtures		4.53	-	-	4.53	-	3.21	-	-	1.32	3.64
Vehicles		94.44	-	-	94.44	-	26.39	-	3.12	64.93	86.81
Office Equipments	2	81.29	12.69	1.05	92.93	1.05	43.34	-	0.44	49.16	55.52
Electrical Installation		128.03	8.04	-	136.07	-	31.84	-	-	104.23	108.35
Capital Tool Support		309.45	7.70	-	317.15	-	60.26	-	-	256.89	309.45
Right To Use Leasehold - Land		1,144.37	-	-	1,144.37	-	19.08	-	-	1,125.29	1,144.37
<b>Total</b>		<b>10,498.25</b>	<b>2,730.68</b>	<b>286.99</b>	<b>12,941.94</b>	<b>151.91</b>	<b>2,015.72</b>	<b>-</b>	<b>102.78</b>	<b>10,823.44</b>	<b>9,450.97</b>

**Intangible Assets**

Particulars	Note No	Cost or Deemed cost			Accumulated depreciation and impairment			Impairment		Carrying Amount	
		Balance as at April 1, 2019	Additions	Disposals	Balance at March 31, 2020	Disposals	Balance at March 31, 2020	Balance as at April 1, 2019	Impairment loss / reversal during the year	Balance at March 31, 2020	As at March 31, 2019
Intangible Asset	3	12.86	10.42	-	23.28	-	7.37	-	-	15.91	12.86
Capital Work In Progress	4	18.88	26.59	16.11	29.36	-	-	-	-	29.36	18.88
<b>Total</b>		<b>31.74</b>	<b>37.01</b>	<b>16.11</b>	<b>52.64</b>	<b>-</b>	<b>7.37</b>	<b>-</b>	<b>-</b>	<b>45.27</b>	<b>31.74</b>

**Notes to the Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2020**

(₹ in Lakh)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
<b>Non Current Assets</b>			
<b>(d) Financial Asset</b>	5		
Investment in Equity Share Capital of Racl Geartech Gmbh, Austria for EURO 17500		14.19	
Security Deposits with landlord against rented premises & Authority		87.46	37.27
Security Deposits with UPPCL		91.17	76.07
<b>Total</b>		192.82	113.34
<b>(e) Other Non Current Assets</b>	6		
<b>Capital Advances</b>			
'-Advance for Machineries		15.14	50.67
<b>Total</b>		15.14	50.67
<b>Current Assets</b>			
<b>(a) Inventories (Lower of Cost or Net Relisable Value)</b>	7		
Raw Materials and components		427.59	494.73
Work-in-progress		727.47	723.96
Finished goods		246.38	123.12
Stock-In-Transit		484.68	349.99
Stores and spares		454.66	315.05
Loose Tools		1550.05	1,336.26
Jigs & fixtures		256.64	257.50
<b>Total</b>		4,147.46	3,600.61
<b>(b) Financial Assets</b>	8		
<b>i . Trade Recievable</b>			
Unsecured, considered good		5374.30	5,088.64
<b>Total</b>		5,374.30	5,088.64
The concentration of credit risk is limited due to the fact that customer base is large and unrelated The Company has taken an advance of ₹ 2483.43 lakh from RBL Bank & Citibank against Trade Receivables. The above figures are inclusive of RBL Bank & Citibank advances which are secured in following manner: - Second charge on the entire current movable & Fixed Assets of the company - Personal Guarantee of Mr Gursharan Singh & Mr D.R Arya			
<b>ii. Cash and Cash Equivalents</b>	9		
Balances with banks		53.74	61.90
Cash in hand		12.04	7.97
<b>Total</b>		65.78	69.87
<b>iii. Other Financial Asset</b>	10		
Interest Receivable		14.84	5.44
Interest Receivable on Account of Electricity Deposit		-	35.23
Other Claims		0.80	16.42
Margin money*		400.19	213.05
Other Loans and Advances		60.00	50.00
<b>Total</b>		475.83	320.14
*The Margin money on Letter of Credit is secured by Pledging of Term Deposit Receipts to the Schedule Bank.			
<b>(c) Other Current Assets (Secured, considered good)</b>	11		
Deposit with Government authorities		68.47	136.76
Prepaid Expenses		59.09	70.24
Advance to Suppliers		196.15	279.24
Other Advances		0.73	16.55
Advance recoverable in cash or in kind or to the value to be received		759.18	367.49
<b>Total</b>		1,083.61	870.28

**Note No 12**
**Equity Share Capital**
**(₹ In Lakh)**

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
<b>Equity</b>	12.a.		
Authorised ( Equity Shares of Rs.10/- each )		<b>2,000.00</b>	2,000.00
Issued & Subscribed (Equity Shares of Rs.10/- each )		<b>1,179.00</b>	1,129.00
Paid up Share Capital		<b>1,078.16</b>	1,028.16
<b>Total Paid Up Share Capital</b>		<b>1,078.16</b>	1,028.16

During the year ended 31<sup>st</sup> March' 2020, Company had issued and allotted 5,00,000 equity shares of the face value of ₹ 10/- each on preferential allotment basis through private placement at a price of ₹ 72.50/- ( including premium of ₹ 62.50/-)

**i. Terms and rights attached to equity shares**

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend, if any proposed, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company declared and paid an interim dividend of ₹ 1/- per share (10% of the fair value of shares) amounting to ₹ 107.82 Lakh. ( Previous year : NIL)

In the event of liquidation of the company the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion to number of equity shares held by the shareholders.

**ii. Shares held by holding/Ultimate holding company and/or their subsidiaries/associates : Nil**
**iii. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting Year**
**(₹ In Lakh)**

Particulars	As at 31.03.2020		As at 31.03.2019	
	No of Equity Shares	INR	No of Equity Shares	INR
Share outstanding at the beginning of the year	<b>102.82</b>	<b>1,028.16</b>	99.32	993.16
Share issued during the year	<b>5.00</b>	<b>50.00</b>	3.50	35.00
Shaes bought back during the year				-
<b>Share outstanding at the end of the year</b>	<b>107.82</b>	<b>1,078.16</b>	102.82	1,028.16

**iv. List of Shareholders having more than 5% equity shares**
**(₹ In Lakh)**

Particulars	As at 31.03.2020		As at 31.03.2019	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Name of Shareholder				
Gursharan Singh	<b>39.29</b>	<b>36.44</b>	34.29	33.35
PICUP	<b>15.03</b>	<b>13.94</b>	15.03	14.62
Middleware Development Limited	<b>8.70</b>	<b>8.07</b>	10.00	9.73

**Other Equity**

(₹ In Lakh)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
Retained Earning	12.b.	6,700.18	5,193.89
Securities Premium Reserve		695.31	382.75
Share Forfeiture Account		41.95	41.95
<b>Total</b>		<b>7,437.44</b>	<b>5,618.59</b>

a. The Company has forfeited 10,08,400 equity share of Rs 10/- each (on 21.4.2003) and 19,00,000 convertible share warrants having paid up value of Re 1/- each (on 19.4.2010)

**Movement in Other Equity**

(₹ In Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Retained Earning</b>		
Opening Balance	5,193.89	4,250.66
Add: Comprehensive Income for the year	1,636.27	943.23
Less: Dividend Paid	(107.82)	-
Less: Dividend Distribution Tax	(22.16)	-
<b>Closing Balance</b>	<b>6,700.18</b>	<b>5,193.89</b>
<b>Securities Premium Reserve</b>		
Opening Balance	382.75	181.50
Add: Comprehensive Income for the year	312.56	201.25
<b>Closing Balance</b>	<b>695.31</b>	<b>382.75</b>
<b>Share Forfeiture Account</b>		
Opening Balance	41.95	41.95
Add: Comprehensive Income for the year	-	-
<b>Closing Balance</b>	<b>41.95</b>	<b>41.95</b>

For Gianender & Associates  
 Chartered Accountants  
 FRN: 004661N

By Order of the Board  
 For RACL Geartech Limited

**MANJU AGARWAL**  
 (Partner)  
 M.No :083878

**GURSHARAN SINGH**  
 (Chairman & M.D.)  
 DIN: 00057602

**JAGDISH KESWANI**  
 (Director)  
 DIN: 02146267

**SHASHANK RAMESH ANIKHINDI**  
 (Director)  
 DIN : 07787889

**D.R. ARYA**  
 (Director & CFO)  
 DIN: 00057582

**RAKESH KAPOOR**  
 (Director)  
 DIN : 00015358

**RAJ KUMAR KAPOOR**  
 (Director)  
 DIN : 00110338

Place: Noida  
 Date : 29<sup>th</sup> June, 2020

**NARINDER PAUL KAUR**  
 (Director)  
 DIN: 02435942

**HPS BEDI**  
 (Director)  
 DIN : 05217488

**SHAGUN BAJPAI**  
 (Company Secretary)  
 ICSI MEM. NO. A45982

**ANIL SHARMA**  
 (Director)  
 DIN : 00157911

**Notes to the Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2020**

(₹ in Lakh)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
<b>Non Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>Borrowings</b>			
<b>Secured Loans</b>			
Term Loan from Bank	13	<b>3,678.97</b>	3,308.00
Less: Unamortised Borrowing Cost		<b>(27.34)</b>	(29.95)
Less: Current Maturities of Term Loan		<b>(1,084.42)</b>	(769.72)
	13.a.	<b>2,567.21</b>	2,508.33
Car Loan	(i)	<b>37.52</b>	55.24
Less: Current Maturities of car Loan		<b>(19.30)</b>	(22.20)
	(ii)	<b>18.22</b>	33.04
	1((i)+(ii))	<b>2,585.43</b>	2,541.37
<b>Unsecured</b>			
Term Loan from Financial Institutions/ Banks	13.b.	<b>627.38</b>	727.98
Less: Current Maturities of loan from FI		<b>(139.40)</b>	(163.04)
Term Loan from Related Parties			30.00
	2	<b>487.98</b>	594.94
<b>Total (1+2)</b>		<b>3,073.42</b>	3,136.31
<b>Other Non current Financial Liabilities</b>			
Lease Liabilities	14	<b>407.27</b>	
Less: Current Maturities of Lease Liabilities		<b>105.18</b>	
<b>Total</b>		<b>302.09</b>	-
<p>1. Secured Term Loans from banks have been guaranteed by Whole Time Directors.</p> <p>2. Maturity Profile of Secured Term Loans and Other Loans are as under :</p> <ul style="list-style-type: none"> <li>- FY 20-21 11.04 Crores</li> <li>- FY 21-22 9.52 Crores</li> <li>- FY 22-23 7.79 Crores</li> <li>- FY 23-24 5.71 Crores</li> <li>- FY 24-25 2.37 Crores</li> </ul> <p>3. Loans from bank of India, Noida Branch, IndusInd Bank Ltd, Citibank, and RBL Bank are secured on PariPassu Basis in the following Manner:</p> <ul style="list-style-type: none"> <li>- First charge by way of Hypothecation on entire stock and Book Debt of the Company</li> <li>- First Charge over entire Fixed Assets of the company excluding Land and Building &amp; vehicle (Both Present &amp; Future)</li> <li>- Extension of EQM of Company's Land and Building at Gajraula U.P.</li> </ul> <p>The above Loans are also secured by personal guarantee (Joint and Several) of Shri Gursharan Singh and Shri D.R. Arya</p> <p>Loans from Tata Capital and Siemens Financial Services are secured by fixed charges on the specific Assets financed.</p> <p>The Current Maturities of Long Term Debt have been shown as Current Liabilities under Note No. 19 &amp; 20</p> <p>4. Unsecured Loans from Financial Institutions and Banks include Loan from Foreign Bank UBS(AG)- Switzerland &amp; Luzerner Kantonal Bank - Switzerland in CHF currency. Maturity Profile of Unsecured term Loans and Other Loans in INR are as under :</p> <ul style="list-style-type: none"> <li>- FY 20-21 2.10 Crores</li> <li>- FY 21-22 2.10 Crores</li> <li>- FY 22-23 1.39 Crores</li> <li>- FY 23-24 1.10 Crores</li> <li>- FY 24-25 0.40 Crores</li> </ul>			

(₹ in Lakh)

<b>(b) Long Term Provisions</b>	15		
Gratuity		<b>620.13</b>	550.85
Leave Encashment		<b>77.77</b>	92.38
<b>Total</b>		<b>697.90</b>	643.23
<b>(c) Deferred tax liabilities (Net)</b>	16		
Deferred tax liabilities		<b>1053.95</b>	965.87
Less: Deferred tax assets		<b>(359.07)</b>	(205.72)
Less Mat Credit Entitlement			(93.94)
<b>Total</b>		<b>694.89</b>	666.21
<b>(d) Other Non- Current Liabilities</b>	17		
Long Term Advances from Customers		<b>150.78</b>	170.86
Less: Current Maturities of Long Term Advances from Customers		<b>(70.85)</b>	(35.41)
<b>Total</b>		<b>79.93</b>	135.45
<b>Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>(i). Secured Borrowings</b>	18		
a. Loans repayable on demand from banks		<b>1883.50</b>	1,640.55
Total a.		<b>1,883.50</b>	1,640.55
b. Bill Discounting Facility		<b>2483.43</b>	2748.40
Total b.		<b>2,483.43</b>	2,748.40
<b>Total (ia) {a.+b.}</b>		<b>4,366.92</b>	4,388.95
1. Loans from Bank of India, Noida Branch, Indusind Bank Ltd, Citibank and RBL Bank are secured on PariPassu Basis in the following Manner:			
- First charge by way of Hypothecation on entire stock and Book Debt of the Company			
- First Charge over entire Fixed Assets of the company excluding Land and Building & vehicle (Both Present & Future)			
- Extension of EQM of Company's Land and Building at Gajraula U.P.			
The above Loans are also secured by personal guarantee (Joint and Several) of Shri Gursharan Singh and Shri D.R. Arya			
<b>ii. Trade payables</b>	19		
Due to other than SSIs/MSME		<b>1903.54</b>	2,140.12
Add: Cheques issued but not present in the bank		<b>0.42</b>	0.66
<b>Total</b>		<b>1,903.96</b>	2,140.78

(₹ in Lakh)

1. According to records available by the company overdues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is ` Nil (previous year ` Nil). Further no interest has been paid or was payable to such parties under the said Act during the year.

2. Dues to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.

<b>iii. Other Financial liabilities - Current</b>	20		
Current maturities of Long-term debt			
Current Maturities of Term Loan		<b>1084.42</b>	769.72
Current Maturities of Car Loan		<b>19.30</b>	22.2
Current Maturities of Loan from Financial Institution		<b>139.40</b>	163.04
Current Maturities of Lease Liability		<b>105.18</b>	
Payable to Staff		<b>0.83</b>	0.37
Salary & Wages		<b>41.16</b>	63.73
Other payables		<b>787.74</b>	480.85
<b>Total</b>		<b>2,178.04</b>	1,499.91
<b>(b) Other Current liabilities</b>	21		
i. Statutory Dues			
Tax Collection At Source		<b>0.05</b>	0.17
TDS Payable		<b>22.84</b>	19.08
GST Payable		<b>8.79</b>	5.10
ii Advance received from Customers		<b>142.60</b>	135.38
iii Current Maturities of Long Term Advances from Customers		<b>70.85</b>	35.41
iv Unpaid Interim Dividend (2019-20)		<b>5.38</b>	
<b>Total</b>		<b>250.51</b>	195.14
<b>(c) Short Term Provisions</b>	22		
Gratuity Short term		<b>100.13</b>	51.74
Leave Encashment Short Term		<b>27.76</b>	11.51
ESI & PF Payable		<b>7.03</b>	7.78
<b>Total</b>		<b>134.92</b>	71.03
<b>(d) Current Tax Liabilities (Net)</b>	23		
Income Tax Payable		<b>558.10</b>	373.28
Less : Advance Taxes		<b>(532.64)</b>	(300.78)
<b>Total</b>		<b>25.46</b>	72.50



## Notes to Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2020

**Revenue From Operations**
**(₹ in Lakh)**

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Sale of Products - Domestic	24	<b>6102.01</b>	7129.59
Sale of Products - Export		<b>14237.49</b>	10986.88
Other Operating Revenue		<b>893.42</b>	878.65
<b>Total</b>		<b>21,232.92</b>	18,995.12

**Other Income**
**(₹ in Lakh)**

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Interest on Deposits	25	<b>24.25</b>	17.84
Discount on Advance paid to Supplier		<b>25.36</b>	
Other Non Operating Income		<b>2.00</b>	37.54
Foreign Exchange Rate Fluctuation Net Gain		<b>0.00</b>	45.93
<b>Total</b>		<b>51.61</b>	101.31

**Cost of Raw Material**
**(₹ in Lakh)**

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Opening Stock	26	<b>494.73</b>	416.75
Add: Purchases		<b>7,009.56</b>	6936.18
Less: Closing Stock		<b>(427.59)</b>	(494.73)
<b>Total</b>		<b>7,076.70</b>	6,858.20

**Change in Inventories**
**(₹ in Lakh)**

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
<b>Closing Stock</b>			
Finished Goods -CS		<b>246.38</b>	121.25
Material in Transit -CS		<b>484.68</b>	349.99
Work in Progress -CS		<b>727.47</b>	725.83
Scrap -CS		<b>1,458.52</b>	1,197.07

(₹ in Lakh)

<b>Less:</b>			
<b>Opening Stock</b>			
Finished Goods- OS	27	<b>121.25</b>	111.63
Material in Transit- OS		<b>349.99</b>	
Work in Progress- OS		<b>725.83</b>	602.13
Scrap- OS			
		<b>1,197.07</b>	713.76
<b>(Inc)/Dec in stock</b>		<b>(261.45)</b>	(483.31)

**Employee Benefits Expenses**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Salary & Incentives		<b>2041.78</b>	1850.02
Contribution to Provident Fund		<b>37.43</b>	34.21
Gratuity Contribution	28	<b>84.45</b>	72.64
Leave Encashment		<b>11.68</b>	20.63
Directors Remuneration		<b>198.67</b>	153.44
Staff Welfare Expenses		<b>88.49</b>	80.32
<b>Total</b>		<b>2,462.50</b>	2,211.26

**Finance Cost**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense		<b>717.69</b>	555.18
Foreign Exchange Rate Fluctuation Net Loss	29	<b>30.52</b>	
Other Borrowing Cost		<b>96.01</b>	82.41
<b>Total</b>		<b>844.22</b>	637.59

**Depreciation and Amortisation**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation	30	<b>1127.73</b>	799.59
<b>Total</b>		<b>1,127.73</b>	799.59

**Other Expenses**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Stores & Spares Consumed		681.62	725.09
Packing Material Consumed		403.98	372.68
Loose Tools Consumed		991.48	1086.31
Power, Oil & Lubricants & LPG for furnace		1,351.33	1402.54
Repairs & Maintenance (Plant & Machinery)		209.88	194.84
Outside Vendoring		2,484.63	2077.28
Others		13.29	11.96
Assets Written Off		49.89	0.00
Impairment Loss		102.77	0.00
<b>Total</b>		<b>6,288.88</b>	<b>5,870.70</b>
Travelling & Conveyance	31	102.64	90.74
Vehicle Running and Maintenance Costs		70.52	62.85
Telephone, Telex & Communication		23.46	21.98
Repairs & Maintenance -Buildings		32.41	15.82
Repairs & Maintenance -Others		6.85	0.41
Freight & Forwarding		583.03	729.70
Rework & Other Charges on Sales		27.31	72.04
Loss on Sale of Faulty Goods		130.66	74.95
Warehouse Charges		86.15	48.23
Austrian Subsidiary Services		39.56	0.00
UPSIDC Maintenance Charges		49.02	0.00
Insurance		57.51	47.05
Loss From Sales of Fixed Assets		8.93	7.56
Rent		0.00	77.68
Printing & Stationary		28.81	23.57
Electricity & Water		12.78	12.73
Legal & Professional Fees		153.44	116.02
Misc Expenses		142.05	66.94
<b>Total</b>			<b>1,555.12</b>
<b>Total</b>		<b>7,844.00</b>	<b>7,338.97</b>

**Payments to Statutory Auditors**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
(a) Statutory Audit Fee		3.20	4.15
(b) Other Services		3.15	0.00
<b>Total</b>		<b>6.35</b>	<b>4.15</b>

## Notes to the Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2020

### 32 Disclosure pursuant to Ind AS 33 “Earnings per share”

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 “Earnings per share”.

Particulars	Unit	As at March 31, 2020	As at March 31, 2019
<b>Earnings Per Equity Share:</b>			
Profit for the year attributable to owners of the Company	Rupees	<b>1,636.27</b>	943.23
Weighted average number of equity shares outstanding for calculating basic earnings per share	Numbers	<b>106.74</b>	101.02
<b>Basic Earnings per Share</b>	Rupees	<b>15.33</b>	9.34

### 33 Disclosure pursuant to Ind AS 19 “Employee Benefit”

The details of various employee benefit provided to employee areas under:

#### 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.

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

**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.

The most recent actuarial valuation for determining present value of the defined benefit obligation were carried out as at March 31, 2020 by Mr. I Sambasavi Rao (Membership no. 158), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method. The principal assumption used for the purpose of the actuarial valuations were as follows:-”

#### A. Gratuity

(₹ in Lakh)

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
<b>Reconciliation of opening &amp; closing balances of PV of defined benefit obligation</b>		
Opening defined benefit obligation	<b>602.59</b>	512.01
Current service Cost	<b>39.37</b>	31.07
Interest Cost on Benefit Obligation	<b>41.32</b>	38.90
Prior service cost-Vested benefit		
Net Actuarial gain/loss recognized during the year	<b>61.70</b>	34.13
Benefits paid	<b>(24.72)</b>	(13.52)
<b>Closing defined benefit obligation</b>	<b>720.26</b>	602.59
<b>Current Liabilities</b>	<b>100.13</b>	51.74
<b>Non Current Liabilities</b>	<b>620.12</b>	550.85

(₹ in Lakh)

<b>Expenses recognized in the statement of P&amp;L Account</b>		
Current Service Cost	<b>39.37</b>	31.07
Interest Cost on Benefit Obligation	<b>41.32</b>	38.90
<b>Defined Benefit Cost included in P&amp;L</b>	<b>80.69</b>	69.97
Total Remeasurement in OCI	<b>61.70</b>	34.13
<b>Total Defined Benefit Cost recognised in P&amp;L and OCI</b>	<b>142.39</b>	104.10
<b>Summary of Actuarial Assumptions</b>		
<b>Retirement Age</b>		
Discount Rate	<b>7.00%</b>	7.70%
Salary Escalation	<b>6%</b>	6%
Attrition Rate	<b>58 Years</b>	58 Years
Average Future Service	<b>18.22</b>	16.17
Mortality Table		IALM(2006-08) Table

**B. LEAVE ENCASHMENT**

(₹ in Lakh)

Particulars	Leave Encashment	
	As at March 31, 2020	As at March 31, 2019
<b>Reconciliation of opening &amp; closing balances of PV of defined benefit obligation</b>	<b>103.89</b>	132.53
Opening defined benefit obligation		
Current service Cost	<b>7.53</b>	11.60
Interest Cost on Benefit Obligation	<b>6.91</b>	8.34
Prior service cost-Vested benefit		
Net Actuarial gain/loss recognized during the year	<b>(2.44)</b>	(0.12)
Benefits paid	<b>(10.36)</b>	(48.46)
<b>Closing defined benefit obligation</b>	<b>105.53</b>	103.89
<b>Current Liability</b>	<b>27.76</b>	11.51
<b>Non Current Liability</b>	<b>77.77</b>	92.38
<b>Expenses recognized in the statement of P&amp;L Account</b>		
Current Service Cost	<b>7.53</b>	11.60
Interest Cost on Benefit Obligation	<b>6.91</b>	8.34
<b>Defined Benefit Cost included in P&amp;L Account</b>	<b>14.44</b>	19.94
Total Remeasurement in OCI	<b>(2.44)</b>	(0.12)
<b>Total Defined Benefit Cost recognised in P&amp;L and OCI</b>	<b>12.00</b>	19.82
<b>Summary of Actuarial Assumptions</b>		
<b>Retirement Age</b>		
Discount Rate	<b>7.00%</b>	7.70%
Salary Escalation	<b>6%</b>	6%
Retirement Age	<b>58 Years</b>	58 Years
Average Future Service	<b>17.75</b>	18.73
Mortality Table		IALM(2006-08) Table

**C. SENSITIVITY ANALYSIS**

 A quantitative sensitivity analysis for significant assumptions as 31<sup>st</sup> March 2020

Particulars	Gratuity Plan	
	Change in Assumptions	Impact on Defined Benefit Obligation
	Increase/ (Decrease)	Increase/ Decrease in Assumptions
<b>UNDER BASE SCENARIO</b>		72,026,321
	%	₹
SALARY ESCALATION	1.00%	76,763,513
	-1.00%	67,713,847
WITHDRAWAL RATES	1.00%	72,288,629
	-1.00%	71,734,164
DISCOUNT RATES	1.00%	67,907,489
	-1.00%	76,661,166

**34 Disclosure of Segmental reporting pursuant to Ind AS 108 “Segmental Reporting”**

The Company is engaged in manufacturing of Automotive Components meant for two wheeled, three wheeled and four wheeled Vehicles. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting Systems. The company has structured its operations into single operating segment geographic distribution of however based on the activities, the chief operating decision maker identified India and outside India as two geographical segments.

(₹ in Lakh)

Revenue from Customers	As at March 31, 2020	As at March 31, 2019
<b>Within India</b>	<b>6102.01</b>	7129.59
<b>Outside India</b>		
AUSTRIA	<b>6444.05</b>	5260.71
JAPAN	<b>2645.08</b>	2998.64
GERMANY	<b>3913.01</b>	2082.86
SWITZERLAND	<b>786.68</b>	368.51
ITALY	<b>103.63</b>	256.73
VIETNAM	<b>6.96</b>	8.41
HUNGARY	<b>336.18</b>	5.50
CHINA	<b>1.89</b>	5.50

**35 Disclosure of Related parties / Related party transactions pursuant to Ind AS 24 “Related Party Disclosures”**
**A. List of Related Parties**
**Wholly Owned Subsidiary**

Name of the Subsidiary	Country	Holding As at March 31, 2020
RACL Geartech GmbH	Austria	100%

Name of the Key Management Personnel	Designation
Mr. Gursharan Singh	Chairman and Managing Director
Mr. Dev Raj Arya	Director & CFO

Mr. Hitesh Kumar	Company Secretary
Mr. Anil Sharma	Non- Executive Director
Ms. Shagun Bajpai	Company Secretary
<b>Name of Relatives of Key Managerial Personnel</b>	<b>Relations</b>
Mrs. Narinder Paul Kaur (Non-Executive Director)	Wife of Mr.Gursharan Singh
Mr. Prabh Mehar Singh	Son of Mr.Gursharan Singh

**B. Transactions with related parties:**

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Business Support Services of RACL Geartech GmbH - Austria	<b>39.56</b>	0.00
Remuneration and Perks - Key Managerial Personnel	<b>219.48</b>	163.19
Remuneration and Perks - Relatives of Key Managerial Personnel	<b>37.01</b>	22.97
Directors Sitting Fees	<b>2.95</b>	0.90

Payments made to RACL Geartech GmbH - Austria for ₹ 39.56 Lakh for Business Support Services rendered during the year. An investment made for ₹ 14.19 Lakh by the Company.

Remuneration & Perks include payment to Mr. Gursharan Singh, Chairman & Managing Director ₹ 142.18 Lakh (Prev Year ₹ 109.36Lakh), Mr. Dev Raj Arya, Director & CFO ₹ 59.65 Lakh (Prev Year ₹ 47.33 Lakh) Mr. Hitesh Kumar, Company Secretary ₹ 7.03 Lakh (Prev Year ₹ 6.50 Lakh), Ms. Shagun Bajpai, Company Secretary ₹ 1.52 Lakh (Prev Year NIL), Mr. Anil Sharma, Non-Executive Director ₹ 9.10 Lakh (Prev Year NIL) KMP's of the company

Remuneration & Perks paid to Mrs. Narinder Paul Kaur ( as retainership fees), ₹ 18 Lakh (Prev Year ₹ 13.20 Lakh) and Mr. Prabh Mehar Singh ₹ 19.01 Lakh (Prev year ₹ 9.77 Lakh) , Relatives of Key Managerial Person

Director Sitting Fees is paid to Mrs. Narinder Paul Kaur, Non executive Director ₹ 1.15 Lakh (Prev. Year ₹ 0.90 Lakh) & Mr. Anil Sharma, Non executive Director ₹ 1.80 Lakh (Prev. Year ₹ 1.65 Lakh).

(₹ in Lakh)

Name of the Subsidiary	Outstanding As at March 31, 2020		Outstanding As at March 31, 2019	
	Receivable	Payable	Receivable	Payable
RACL Geartech GmbH - Austria	<b>2.88</b>	4.81	-	-
	<b>Investment in Equity As at March 31, 2020</b>		Investment in Equity As at March 31, 2019	
	<b>14.19</b>		-	-

(₹ In Lakh)

Name of the Key Management Personnel	Outstanding As at March 31, 2020		Outstanding As at March 31, 2019	
	Receivable	Payable	Receivable	Payable
Mr. Gursharan Singh	-	<b>34.95</b>	-	24.21
Mr. Dev Raj Arya	-	-	-	-
Mr. Hitesh Kumar	-	-	-	-
Mr. Anil Sharma	-	-	-	-
Ms. Shagun Bajpai	-	-	-	-
<b>Name of Relatives of Key Managerial Personnel</b>				
Mrs. Narinder Paul Kaur (Non-Executive Director)	-	-	-	-
Mr. Prabh Mehar Singh	-	-	-	-

**Financial Instruments**

(₹ in Lakh)

**36 Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

The capital structure of the company consists of debt (long term borrowings, current maturity of long term borrowings and short term borrowings), capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

**36.1 Gearing Ratio**

The gearing ratio at the end of the reporting period was as follows

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	<b>8,683.46</b>	8,480.22
Cash and Bank Balances	<b>65.78</b>	69.87
Net Debt (i)	<b>8,617.69</b>	8,410.35
Equity (ii)	<b>8,515.60</b>	6,646.75
Net Debt To Equity Ratio	<b>1.01</b>	1.27

**37. Categories of Financial Instruments**

Financial instruments by categories	31.03.2020			31.03.2019		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>						
<b>Non-Current Financial Asset</b>						
Security Deposit	-	-	<b>192.82</b>	-	-	113.34
<b>Current Financial Asset</b>						
i. Trade receivables	-	-	<b>5,374.30</b>	-	-	5,088.64
ii. Cash and cash equivalents	-	-	<b>65.78</b>	-	-	69.87
iii. Other Financial asset	-	-	<b>475.83</b>	-	-	320.14
<b>Total Financial Asset</b>	-	-	<b>6,108.72</b>	-	-	5,591.99
<b>Financial liability</b>						
<b>Non-Current Financial Liabilities</b>						
Borrowings	-	-	<b>3,073.42</b>	-	-	3,136.31
Other	-	-	<b>302.09</b>			
<b>Current Financial Liabilities</b>						
i. Borrowings	-	-	<b>5,610.05</b>	-	-	5,343.91
ii. Trade payables	-	-	<b>1,903.96</b>	-	-	2,140.78
iii. Current maturities of lease	-	-	<b>105.18</b>			
iii. Other financial liabilities	-	-	<b>829.73</b>			544.95
<b>Total Financial Liabilities</b>	-	-	<b>11,824.42</b>	-	-	<b>11,165.95</b>



**38 Fair value of Financial Assets and Liabilities at amortized cost (₹ in Lakh)**

Financial instruments by categories	31.03.2020		31.03.2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial asset</b>				
<b>Non-Current Financial Asset</b>				
Security Deposit	192.82	192.82	113.34	113.34
<b>Current Financial Asset</b>				
i.Trade receivables	5,374.30	5,374.30	5,088.64	5,088.64
ii.Cash and cash equivalents	65.78	65.78	69.87	69.87
iii.Other Financial asset	475.83	475.83	320.14	320.14
<b>Total Financial Asset</b>	<b>6,108.72</b>	<b>6,108.72</b>	<b>5,591.99</b>	<b>5,591.99</b>
<b>Financial liability</b>				
<b>Non-Current Financial Liabilities</b>				
Borrowings	3,073.42	3,073.42	3,136.31	3,136.31
<b>Current Financial Liabilities</b>				
i.Borrowings	5,610.05	5,610.05	5,343.91	5,343.91
ii.Trade payables	1,903.96	1,903.96	2,140.78	2,140.78
iii.Other financial liabilities	829.73	829.73	544.95	544.95
<b>Total Financial Liabilities</b>	<b>11,417.15</b>	<b>11,417.15</b>	<b>11,165.95</b>	<b>11,165.95</b>

The carrying amount of financial assets/liabilities including trade receivables and payables and others; measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

The Fair values are all measured at Level 3

**39 Financial Risk Management Objectives**

The company's activities expose it to variety of financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed annually to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

**A) Market risk**

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**i Foreign Currency Risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in the several countries and purchases from overseas suppliers in various foreign currencies.

**The Company has incurred expenditure in Foreign Currency** (₹ in Lakh)

Particulars	FY 2019-20	FY 2018-19
Raw Material/Tools/Machines	<b>1,540.54</b>	2,710.97
Foreign Travelling	<b>68.05</b>	54.60

**The Company has Earnings in Foreign Currency**

Particulars	FY 2019-20	FY 2018-19
Export of Goods on CIF Basis	<b>14,237.49</b>	10,986.88

**The foreign currency risk from financial instruments as at March 31, 2020 is as follows: (₹ in Lakh)**

Particulars	As on 31.03.2020								
	USD	EURO	CHF	GBP	Yuan	JPY	Thai Baht	Hong Kong Dollar	Canadian Dollar
Cash & Cash Equivalents (INR)	0.90	0.31	0.42	0.07	0.41	0.14	0.05	0.02	0.05
Trade Receivables (INR)	3818.45	165.84							
Trade Payables (INR)		20.76	8.32						
Interest Payables (INR)			4.25						
Borrowings in Foreign Currency (INR)	2834.66	62.29	487.99						
<b>Total</b>	<b>6654.01</b>	<b>249.20</b>	<b>500.98</b>	<b>0.07</b>	<b>0.41</b>	<b>0.14</b>	<b>0.05</b>	<b>0.02</b>	<b>0.05</b>

**The foreign currency risk from financial instruments as at March 31, 2019 is as follows: (₹ in Lakh)**

Particulars	As on 31.03.2020							
	USD	EURO	CHF	GBP	Yuan	JPY	Thai Baht	
Cash & Cash Equivalents (INR)	0.62	0.48	0.38	0.07	0.02	0.12	0.09	
Trade Receivables (INR)	3623.53	96.77						
Trade Payables (INR)			3.10					
Interest Payables (INR)			4.73					
Borrowings in Foreign Currency (INR)	2650.85	87.11	727.98					
<b>Total</b>	<b>6275.00</b>	<b>184.36</b>	<b>736.19</b>	<b>0.07</b>	<b>0.02</b>	<b>0.12</b>	<b>0.09</b>	

**Sensitivity analysis based on average outstanding Foreign currency loan** (₹ in Lakh)

Particulars	Impact on profit/ loss after tax	
	FY 2019-20	FY 2018-19
Increase or decrease in exchange rate by ₹1	<b>97.90</b>	103.79

Note: Profit will increase in case of decrease in foreign currency rate and vice versa

**ii Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

The Company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

(₹ in Lakh)

Particulars	FY 2019-20	FY 2018-19
Debt from Banks/FIs - Variable rate borrowings	8,815.98	8,480.17

**Sensitivity analysis based on average outstanding Debt**

(₹ in Lakh)

Interest Rate Risk Analysis	Impact on profit / loss after tax	
	FY 2019-20	FY 2018-19
Increase or decrease in interest rate by 25 basis points	21.62	18.91

Note: Profit will increase in case of decrease in interest rate and vice versa

## B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

**The following are the contractual maturities of financial liabilities**

(₹ in Lakh)

As at March 31, 2020	Carrying Amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Non Derivative Financial Liability</b>						
Term Loan from Banks	<b>3,678.97</b>	1,084.42	2,521.14	73.41		3,678.97
Term Loan from Financial Institutions	<b>627.38</b>	139.40	418.19	69.79		627.38
Lease Liabilities	<b>512.45</b>	105.18	219.32	187.95		512.45
Long Term Advances from Customers	<b>150.78</b>	70.85	79.93			150.78
Car Loan	<b>37.52</b>	19.30	18.22			37.52
Loan Repayable on Demand	<b>1,883.50</b>	1,883.50				1,883.50
Bill Discounting	<b>18.22</b>	18.22				18.22
Trade Payables	<b>1,903.96</b>	1,903.96				1,903.96
Other Financial Liabilities	-	-				-
<b>Total</b>	<b>8,812.79</b>	5,224.83	3,256.80	331.15	-	8,812.79

**The following are the contractual maturities of financial liabilities**

(₹ in Lakh)

As at March 31, 2019	Carrying Amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Non Derivative Financial Liability</b>						
Term Loan from Banks	<b>3,308.00</b>	1,084.42	1,919.94	303.64		3,308.00
Term Loan from Financial Institutions	<b>727.98</b>	139.40	418.19	170.39		727.98
Loan repayable to Related party	-					-
Long Term Advances from Customers	<b>170.86</b>	70.85	100.01			170.86
Car Loan	<b>55.24</b>	19.30	35.94			55.24

Loan Repayable on Demand	<b>1,640.55</b>	1,640.55				1,640.55
Bill Discounting	<b>2,748.40</b>	2,748.40				2,748.40
Trade Payables	<b>2,140.78</b>	2,140.78				2,140.78
<b>Other Financial Liabilities</b>	<b>544.95</b>	544.95				544.95
<b>Total</b>	<b>11,336.76</b>	8,388.65	2,474.08	474.03	-	11,336.76

#### 40. Expenditure on Corporate Social Responsibility (CSR)

(₹ in Lakh)

Particulars	FY 2019-20	FY 2018-19
a) Gross amount required to be spent during the year	26.97	21.05
b) Amount actually spent during the year	20.55	12.37

#### 41. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

(₹ in Lakh)

Particulars	As at March 31, 2019	Movement Recognised in Statement of Profit and Loss	As at March 31, 2020
<b>Deferred tax (liabilities)/assets in relation to:</b>			
Property, plant and equipment and Intangible Assets	(965.87)	(88.08)	(1,053.95)
Defined benefit obligation	205.72	153.35	359.07
<b>Deferred Tax Asset / (Liabilities) (Net)</b>	<b>(760.15)</b>	<b>65.26</b>	<b>(694.89)</b>

#### 42. Contingent liabilities

##### 1. Corporate Guarantees given by the Company on behalf of their Suppliers.

Company has given guarantee/securities under section 186 or other applicable provisions of the Companies Act, 2013, of following amounts for the suppliers of the Company to TATA Capital financial Services Limited and these suppliers are associated with the company for last so many years and they have undertaken to establish additional Job working facility fully dedicated to RACL Geartech Limited:

1. For Global Engineering Works Limited for an amount of ₹ 114 Lakhs.
2. For Hariom Engineering Private Limited for an amount of ₹ 29 Lakhs.
3. Diamento precision Parts Private Limited for an amount of ₹ 40 Lakhs.

##### 2. Income Tax Demands

The Company's proceedings pending with Tax Authorities are worth for Rs. 103.61 Lakh only. The Company has reviewed all its pending proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements.

#### 43. Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

There have been no claimed transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence, reporting details of Principal and Interest does not arise.

#### 44. Previous years figures

Previous years figures have been regrouped/reclassified/recasted wherever necessary.

#### 45 Disclosure Note- Ind AS 116

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

RACL reviewed all of the company's leasing arrangements in light of the new lease accounting rules in Ind AS 116. The group intends to apply modified retrospective approach and has not restated comparative information in the financial statements for the year ending 31 March 2020.

The estimated impact of Ind AS 116 on RACL's financial statements at 31 March 2020 is as follows:

**Balance sheet:** The company estimates that the adoption of Ind AS 116 will result in an increase in total assets of approximately INR 479.05 Lakh, split between right-of-use assets of INR 472.11 Lakh and deferred tax assets of INR 6.94 Lakh. Financial liabilities are expected to increase by approximately INR 472.11 and net equity will decrease by approximately NIL.

**Statement of profit and loss:** The company estimates that the adoption of Ind AS 116 will result in increased depreciation of approximately INR 107.75Lakh from the right-of-use assets and increased finance costs of approximately INR 35.20 Lakh per year due to the interest recognised on lease liabilities. These will offset the reduction in operating lease expenses of around INR 100.59 Lakh per year, resulting in an overall net reduction of profit before taxes of approximately INR 42.34Lakh.

**Statement of cash flows:** The company estimates that the adoption of Ind AS 116 will result in increase in operating cash flows and decrease in financing cash flows by approximately INR 72.55 Lakh as repayment of the lease liabilities and related interest will be classified as cash flows from financing activities.

#### 46 Covid-19 Impact

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. COVID19 is significantly impacting business operation of the company, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities and off-take of products by customers etc. On 24th March, 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till 3rd May, 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities. Further, during April 2020 and May 2020, there has been significant decline in the monthly revenues as compared to previous years as similar impact is seen across supply chains including with our customers. However, long term purchase agreements with key customers that remain committed, including addition of new significant contracts during this period have reinforced and formed a part of management's estimates which for next F.Y. have projected a modest growth of 3.8% as compared to 25% CAGR for last 3 years. In assessing the recoverability of Company's assets such as Investments, Loans, intangible assets, Trade receivable, Inventories etc. the Company has considered internal and external information. The Company has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions, and the Company expects to recover the carrying amount of the assets.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RACL GEARTECH LIMITED

### Report on the audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial Statements of RACL Geartech Limited (hereinafter referred to as "the Holding Company"), which includes unaudited Financial Statements of its subsidiary (incorporated outside India) RACL Geartech GmbH (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid Consolidated 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 consolidated state of affairs of the Group, as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated 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 'Auditors' Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, 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 Consolidated Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key audit matters	How our audit addressed the key audit matter
<b>A. Allowance for credit losses</b>	
<p>The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. We identified allowance for credit losses as a key audit matter because the Group exercises significant judgment in calculating the expected credit losses.</p>	<p>Our audit procedures related to the allowance for credit losses for trade receivables and unbilled revenue included the following, among others: We tested the effectiveness of controls over the (1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses. For a sample of customers: We tested that the estimated credit loss assessment was in line with the subsequent movement in invoice payments in the period occurring between the reporting date and the date of approval of Consolidated Financial Statements. We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.</p>

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Holding 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 Consolidated Financial Statements and our auditors’ report thereon. Our opinion on the Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which are unaudited, management remains responsible for the details and information provided by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine



that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of details and information of separate unaudited Financial Statements and the other financial information of subsidiary, as provided to us by the management we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and details and information provided to us by the management;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
  - d) In our opinion, the aforesaid Consolidated 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 of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, and of its subsidiary, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, refer to our separate Report in "Annexure A" to this report;
  - g) With respect to the other matters to be included in the Auditors' 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 and based on the consideration of the details and information provided to us by the management on separate financial statements as also the other financial information of the subsidiary:
    - i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its Consolidated Financial Statements – Refer Note 42 to the Consolidated Financial Statements;
    - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company incorporated in India.
2. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the Holding Company has paid remuneration to its directors during the year in accordance with the section 197 of the Act.

**For Gianender & Associates**  
**Chartered Accountants**  
**(Firm's Registration No. 004661N)**

**Manju Agrawal**  
**Partner**  
**(M. No. 083878)**

**Place: New Delhi**  
**Date : 29<sup>th</sup> June, 2020**

## **ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT (Referred to in our Report of even date)**

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

In conjunction with our audit of the Consolidated Financial Statements of RACL Geartech Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of RACL Geartech Limited (hereinafter referred to as the "Holding Company"), (and not of the sole subsidiary of the Holding Company since it is incorporated outside India) as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Holding Company, internal financial controls over financial reporting with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 Consolidated 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 system over financial reporting with reference to these Consolidated 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 Consolidated 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 auditors' 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 system over financial reporting with reference to these Consolidated Financial Statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control over financial reporting with reference to these Consolidated 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 Consolidated 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 with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated 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 Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated 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, to the best of our information and according to the explanations given to us, the Holding Company, has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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 Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)**

**Manju Agrawal  
Partner  
(M. No. 083878)**

**Place: New Delhi  
Date : 29<sup>th</sup> June, 2020**

**Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020**

(₹ in Lakh)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	2	<b>10,823.43</b>	9,450.97
(b) Intangible Asset	3	<b>15.91</b>	12.86
(c) Capital work-in-progress	4	<b>29.36</b>	18.88
(d) Financial assets	5	<b>178.63</b>	113.34
(e) Other non-current assets	6	<b>15.14</b>	50.67
<b>Total Non-current Assets</b>		<b>11,062.47</b>	9,646.72
<b>Current Assets</b>			
(a) Inventories	7	<b>4,147.46</b>	3,600.61
(b) Financial assets			
i. Trade receivables	8	<b>5,374.30</b>	5,088.64
ii. Cash and cash equivalents	9	<b>74.97</b>	69.87
iii. Other Financial assets	10	<b>475.83</b>	320.14
(c) Other current assets	11	<b>1,088.65</b>	870.28
<b>Total Current Assets</b>		<b>11,161.21</b>	9,949.54
<b>Total Assets</b>		<b>22,223.68</b>	19,596.26
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12.a	<b>1,078.16</b>	1,028.16
(b) Other Equity	12.b	<b>7,435.43</b>	5,618.59
<b>Total Equity</b>		<b>8,513.59</b>	6,646.75
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
Borrowings	13	<b>3,073.42</b>	3,136.31
Other	14	<b>302.09</b>	
(b) Provisions	15	<b>697.90</b>	643.23
(c) Deferred tax liabilities (Net)	16	<b>694.89</b>	666.21
(d) Other Non- Current Liabilities	17	<b>79.93</b>	135.45
<b>Total Non-current Liabilities</b>		<b>4,848.22</b>	4,581.20
<b>Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	18	<b>4,366.92</b>	4,388.95
ii. Trade payables	19	<b>1,902.47</b>	2,140.78
iii. Other financial liabilities	20	<b>2,181.48</b>	1,499.91
(b) Other current liabilities	21	<b>250.51</b>	195.14
(c) Provisions	22	<b>134.92</b>	71.03
(d) Current tax Liabilities (Net)	23	<b>25.56</b>	72.50
<b>Total Current Liabilities</b>		<b>8,861.87</b>	8,368.31
<b>Total Liabilities</b>		<b>13,710.09</b>	12,949.51
<b>Total Equity and Liabilities</b>		<b>22,223.68</b>	<b>19,596.26</b>

Notes 1 to 46 forms part of the Financial Statements

**For Gianender & Associates**  
 Chartered Accountants  
 FRN: 004661N

**MANJU AGARWAL**  
 (Partner)  
 M.No :083878

 Place: Noida  
 Date : 29<sup>th</sup> June, 2020

**GURSHARAN SINGH**  
 (Chairman & M.D.)  
 DIN: 00057602

**D.R. ARYA**  
 (Director & CFO)  
 DIN: 00057582

**NARINDER PAUL KAUR**  
 (Director)  
 DIN: 02435942

**ANIL SHARMA**  
 (Director)  
 DIN : 00157911

**JAGDISH KESWANI**  
 (Director)  
 DIN: 02146267

**RAKESH KAPOOR**  
 (Director)  
 DIN : 00015358

**HPS BEDI**  
 (Director)  
 DIN : 05217488

**By Order of the Board**  
 For RACL Geartech Limited

**SHASHANK RAMESH ANIKHINDI**  
 (Director)  
 DIN : 07787889

**RAJ KUMAR KAPOOR**  
 (Director)  
 DIN : 00110338

**SHAGUN BAJPAI**  
 (Company Secretary)  
 ICSI MEM. NO. A45982

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakh)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	24	21,232.92	18,995.12
Other income	25	51.61	101.31
<b>Total Income</b>		<b>21,284.53</b>	<b>19,096.43</b>
<b>Expenses</b>			
Cost of Material Consumed	26	7,076.70	6,858.20
Changes in inventories of finished goods WIP and Stock in Trade	27	(261.45)	(483.31)
Employee benefits expenses	28	2,482.47	2,211.26
Finance Costs	29	844.74	637.59
Depreciation and Amortisation Expenses	30	1,127.78	799.59
Other Expenses	31	7,823.80	7,338.97
<b>Total expenses</b>		<b>19,094.03</b>	<b>17,362.30</b>
Profit before exceptional items and tax		<b>2,190.50</b>	1,734.13
Add: Exceptional items			
Profit before tax			
Less: Tax expense			
(1) Current tax			
Previous Year tax Paid		(9.10)	(148.95)
Tax Payable		(549.49)	(373.28)
Less : MAT credit entitlement			12.34
		<b>(558.59)</b>	<b>(509.89)</b>
(2) Deferred tax		<b>65.25</b>	(247.00)
		<b>(493.34)</b>	<b>(756.89)</b>
<b>Profit for the period from continuing operations</b>		<b>1,697.15</b>	977.24
<b>Other Comprehensive Income</b>			
Remeasurements of the defined benefit plans		(61.70)	(34.01)
Foreign exchange translation difference		(1.20)	
<b>Total other comprehensive income</b>		<b>(62.90)</b>	(34.01)
<b>Total comprehensive income for the period</b>		<b>1,634.26</b>	943.23
<b>Earnings per share (Face Value ₹ 10/- per share) Not annualised :</b>			
(1) Basic (in ₹)	32	15.31	9.34
(2) Diluted (in ₹)		15.31	9.34

Notes 1 to 46 forms part of the Financial Statements

**For Gianender & Associates**  
Chartered Accountants  
FRN: 004661N

**MANJU AGARWAL**  
(Partner)  
M.No :083878

Place: Noida  
Date : 29<sup>th</sup> June, 2020

**GURSHARAN SINGH**  
(Chairman & M.D.)  
DIN: 00057602

**D.R. ARYA**  
(Director & CFO)  
DIN: 00057582

**NARINDER PAUL KAUR**  
(Director)  
DIN: 02435942

**ANIL SHARMA**  
(Director)  
DIN : 00157911

**JAGDISH KESWANI**  
(Director)  
DIN: 02146267

**RAKESH KAPOOR**  
(Director)  
DIN : 00015358

**HPS BEDI**  
(Director)  
DIN : 05217488

**By Order of the Board**  
For RACL Geartech Limited

**SHASHANK RAMESH ANIKHINDI**  
(Director)  
DIN : 07787889

**RAJ KUMAR KAPOOR**  
(Director)  
DIN : 00110338

**SHAGUN BAJPAI**  
(Company Secretary)  
ICSI MEM. NO. A45982

**Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020** (₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / ( Loss ) after tax	1,634.25	943.23
<b>Adjustment for:</b>		
Depreciation / Amortization	1,127.78	799.59
Interest charges	844.74	637.59
Impairment	102.77	
(Profit)/Loss on sale of asset	8.93	7.58
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,718.47</b>	<b>2,387.99</b>
Increase/(Decrease) in Other Liabilities - Non Current	(26.84)	509.96
Increase/(Decrease) in Other Financial Liabilities	983.65	314.50
Increase/(Decrease) in Trade Payable - Current	(238.31)	59.09
Increase/(Decrease) in Long-term provisions - Non current	54.67	73.48
Increase/(Decrease) in Short-term provisions - current	63.89	(11.63)
Increase/(Decrease) in Other current liabilities	(524.21)	(96.15)
(Increase)/Decrease in Inventories	(546.85)	(298.18)
(Increase)/Decrease in Trade Receivable	(285.66)	(1,033.55)
(Increase)/Decrease in Other non current financial assets	(65.29)	14.85
(Increase)/Decrease in Other non current assets	35.53	(29.05)
(Increase)/Decrease in Other current assets	(218.37)	(141.72)
(Increase)/Decrease in Other Current financial Asset	(155.69)	(140.92)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2,795.01</b>	<b>1608.67</b>
Direct taxes paid	(532.64)	(300.78)
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>3327.65</b>	<b>1909.45</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,767.68)	(3,156.72)
Proceeds from Sale of PPE	142.26	61.13
<b>NET CASH GENERATED (USED IN) INVESTING ACTIVITIES</b>	<b>(2,625.42)</b>	<b>(3,095.59)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) from long term borrowings	(84.92)	1546.57
Proceeds from share capital	50.00	35.00
Dividend Paid	(107.82)	-
Dividend Distribution Tax	(22.16)	-
Proceeds from share premium	312.56	201.25
Interest and finance charges paid	(844.74)	(637.59)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(697.08)</b>	<b>1145.23</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>5.15</b>	<b>(40.91)</b>
Cash and cash equivalents as at March 31,2019	69.87	110.78
Effect of exchange rate changes on cash and cash equivalents	0.05	
Cash and cash equivalents as at March 31, 2020	74.97	69.87
<b>Net Cash Flow</b>	<b>5.10</b>	<b>(40.91)</b>

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

MANJU AGARWAL  
(Partner)  
M.No :083878

GURSHARAN SINGH  
(Chairman & M.D.)  
DIN: 00057602

D.R. ARYA  
(Director & CFO)  
DIN: 00057582

NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

ANIL SHARMA  
(Director)  
DIN : 00157911

JAGDISH KESWANI  
(Director)  
DIN: 02146267

RAKESH KAPOOR  
(Director)  
DIN : 00015358

HPS BEDI  
(Director)  
DIN : 05217488

By Order of the Board  
For RACL Geartech Limited

SHASHANK RAMESH ANIKHINDI  
(Director)  
DIN : 07787889

RAJ KUMAR KAPOOR  
(Director)  
DIN : 00110338

SHAGUN BAJPAI  
(Company Secretary)  
ICSI MEM. NO. A45982

Place: Noida  
Date : 29<sup>th</sup> June, 2020

## Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2020

**A. Equity Share Capital**

(₹ in Lakh)

Movement during the year	Number of shares (In Lakh)	Share Capital (Amount)
<b>Equity</b>		
Authorised ( Equity Shares of ₹10/- each )	<b>200.00</b>	2,000.00
Issued & Subscribed (Equity Shares of ₹10/- each )		
Balance at the beginning of the period as at 01.04.2019	<b>112.90</b>	1,129.00
Change during the year	<b>5.00</b>	50.00
<b>Balance at the end of the period as at 31.03.2020</b>	<b>117.90</b>	1,179.00
<b>Paid up Share Capital</b>		
Balance at the beginning of the period as at 01.04.2019	<b>102.82</b>	1,028.16
Change during the year	<b>5.00</b>	50.00
<b>Balance at the end of the period as at 31.03.2020</b>	<b>107.82</b>	1,078.16

**B. Other Equity**
**Movement in Other Equity**

(₹ in Lakh)

Particulars	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance at the beginning of the reporting period i.e. 01.04.2019</b>	41.95	382.75	5,193.89	5,618.59
Changes in accounting policy or prior period errors		-	-	-
Restated balance at the beginning of the reporting period	41.95	382.75	5,193.89	5,618.59
Total Comprehensive income for the year		312.56	1634.26	1,946.82
Less: Dividend Paid			(107.82)	(107.82)
Less: Dividend Distribution Tax			(22.16)	(22.16)
Transfer to retained earnings		-	-	-
<b>Balance at the end of the reporting period i.e. 31.03.2020</b>	<b>41.95</b>	<b>695.31</b>	<b>6,698.17</b>	<b>7,435.43</b>

**Previous Year**

(₹ in Lakh)

Particulars	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance at the beginning of the reporting period i.e. 01.04.2018</b>	41.95	181.50	4,250.66	4,474.11
Changes in accounting policy or prior period errors		-	-	-
Restated balance at the beginning of the reporting period	41.95	181.50	4,250.66	4,474.11
Total Comprehensive income for the year	-	201.25	943.23	1,144.48
Transfer to retained earnings	-	-	-	-
<b>Balance at the end of the reporting period i.e. 31.03.2019</b>	<b>41.95</b>	<b>382.75</b>	<b>5,193.89</b>	<b>5,618.59</b>

## NOTES TO ACCOUNTS

### NOTE NO 1.

#### GENERAL INFORMATION

RACL Geartech Ltd (referred to as 'RACL' or 'Company') was established in the year 1989 for producing automotive components in the field of Motorcycles & Scooters, 3&4 Wheeler Passenger & Cargo Vehicles, Agricultural Machinery, Tractors, ATV, Light & Heavy Commercial Vehicles, etc. The company has also expanded into sub-assemblies, industrial Gears for electrical switch Gears and Circuit Breakers, Winches and Cranes.

It is a customer centric Organisation obsessed with world class benchmarking and are supplying to top Global OEM's like BMW Mottarad, Germany, Kubota Corporation (Japan, Thailand and USA) , IT Switzerland (Same Group Company), KTM AG (Austria) Schneider Electric (Germany) , Dana (Italy and China) amongst others .

#### A. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

##### (a) Statement of Compliance

The shares of the company are listed on Bombay Stock Exchange (BSE).

The Company's financial statements complies in all material aspects with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013 (the Act).

##### (b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items:

Item	Measurement
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Present value of defined benefit obligations

##### (c) Use of Estimates and Judgements

Preparation of these financial statements is in conformity with Ind AS. It requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for expected credit loss, future obligations in respect of retirement benefit plans, fair value measurement etc.

##### (d) Measurement of Fair Value

Accounting Policies and disclosures requires measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date.
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

##### (e) Operating Cycle

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



**Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 modified in accordance with the requirements of Ind AS. The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees.

**B SIGNIFICANT ACCOUNTING POLICIES****B1 INCOME RECOGNITION****a. Revenue from Contracts with customers:**

The Company has adopted Ind AS 115 “Revenue from Contracts with Customers” with the date of initial application being April 1, 2018. Ind AS 115, revenue from contracts with customers, mandatory for reporting period beginning on or after April 1, 2018 replaced existing revenue recognition requirements i.e. Ind AS 18 Revenue Recognition and Ind AS 11 Construction Contracts. There were no significant adjustments required to the retained earnings as on April 1, 2018. Also the application of IND AS 115 did not have any significant impact on recognition and measurement for revenue and related items in the financial results.

**Accordingly, the policy for Revenue is amended as under:**

The Company derives revenue primarily from sale of goods to the Customer. To recognize revenue, the Company applies the following five step approach:

**(1) Identify the contract with a customer:**

The Company observe the following criteria:

- a. Parties to the contract have approved the contract.
- b. Parties are committed to performing their respective obligations.
- c. Each party’s rights and payment for the contract is identified.
- d. A contract has commercial substance.
- e. Probable collection of the consideration by the entity.

**(2) Identify the performance obligations in the contract:** The Company assesses its promise to transfer goods to a customer to identify separate performance obligations. The Company applies judgment to determine whether each good promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods are combined and accounted as a single performance obligation.**(3) Determine the transaction price:** Transaction price is fixed and determined based on the terms of contract and Company’s customary practice and any consideration payable to the customers includes cash amounts, credits, rebates and other similar allowances is reduced from the transaction price.**(4) Allocate the transaction price to the performance obligation in the contract.** The Company allocates the transaction price to each performance obligation identified in a contract on a relative stand-alone selling price basis.**(5) Recognize revenue when a performance obligation is satisfied:** Revenue should be recognised when (or as) the Company satisfies a performance obligation by transferring a promised goods or services to a customer (customer obtains control). For each performance obligation, The Company determine the performance obligation at a point of time when all the following conditions are satisfied:

1. The Company has a present right to pay for the goods.
2. The Customer has legal title to the goods.
3. The Company has transferred physical possession of the goods.
4. Customer has significant risk and reward of ownership.
5. Customer has accepted the goods.

**b. Other Income:**

Dividend income from investments is recognized when the company's right to receive payment has been established.

Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

**B2 PROPERTY, PLANT AND EQUIPMENT (PPE)**

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Management has reviewed the depreciation policy and machineries have been depreciated accordingly.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment, and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. Depreciation is charged on a pro-rata basis at the straight line method over estimated economic useful lives of its property, plant and equipment generally in accordance with that provided in the Schedule II to the Act.

Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that it is classified as held for sale) in accordance with Ind AS 105 and the date that the asset is de-recognized. Therefore depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

However under usage methods of depreciation the depreciation charge can be zero while there is no production.

Depreciation on additions/ deductions is calculated pro-rata from/ to the month of additions/ deductions.

An item of property, plant and equipment is derecognized upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement or profit and loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

**B3 INTANGIBLE ASSETS**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**B4 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

The carrying amount of assets are reviewed at each Balance Sheet date, to assess, if there is any indication

of impairment based on internal/external factors. An asset is impaired when the carrying amount of the assets exceeds the recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## **B5 INVENTORY**

Inventories are valued at the lower of cost, determined on the weighted average basis and Net Realisable Value (NRV).

The cost of Finished Goods and Work in Progress comprises raw material, direct labour, other direct cost and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of Inventories also include all the cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated cost necessary to make the sale.

## **B6 FOREIGN CURRENCY TRANSACTION**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognized 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 recognized in profit or loss in the period in which they arise.

Foreign currency derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

## **B7 EMPLOYEE BENEFIT**

Company's contributions paid/ payable during the year to Provident Fund and Employees' State Insurance Corporation (ESIC) are recognized in the Profit & Loss Account; Provident Fund contributions are made to a Trust administered by the company. The interest rate payable to the members of this trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the company. The remaining contributions are made to a Government Administered Employee Pension Fund towards which the company has no further obligations beyond its monthly contributions.

Defined benefits and other long term employee benefits are provided on the basis of actuarial valuation made at the end of each financial year. Actuarial gain or losses arising from such valuation are charged to Other Comprehensive Income in the year in which they arise.

## **B8 RESEARCH AND DEVELOPMENT EXPENDITURE**

Expenditure on research activities is recognized as an expense in the period in which it is incurred where no internally generated asset can be recognized.

## **B9 FINANCIAL INSTRUMENT**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### **a. Financial Assets**

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortized cost (unless the same are designated as fair value through profit or loss (FVTPL)):

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

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

Debt instruments at FVTPL are a residual category for debt instruments and all changes are recognized in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income (OCI) for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on Fair Value Through Other Comprehensive Income (FVTOCI) debt instruments is recognized in profit or loss and other changes in fair value are recognized in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

### **b. Financial Liabilities and Equity Instruments**

#### **(1) Classification as debt or equity**

Debt and equity instruments issued by Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### **(2) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

#### **(3) Financial liabilities**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The carrying amounts of financial liabilities that are

subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance Costs' Line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

- Loans and borrowings are subsequently measured at amortized costs using Effective Interest Rate method.
- Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.
- Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.
- Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

#### **B10 IMPAIRMENT OF FINANCIAL ASSETS (EXPECTED CREDIT LOSS MODEL)**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on 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.

#### **B11 PROVISIONS**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized 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 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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## **B12 WARRANTIES**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise- being typically six months to one year.

## **B13 CURRENT AND NON CURRENT CLASSIFICATION**

### **Current Asset:**

An asset shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded.
- (c) It is expected to be realized within twelve months after the reporting date, or
- (d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

### **Current Liabilities:**

A liability shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date: or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other liabilities shall be classified as non-current.

## **B14 DEFERRED TAX & CURRENT TAX**

### **a. Deferred tax**

Deferred tax is recognized 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 profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized 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. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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 realized, 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.

**b. Current and deferred tax for the year**

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

**B15 EARNING PER SHARE (EPS)**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earnings per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential Equity Shares.

**B16 LEASE**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset
- The Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- The Company has the right to direct the use of the asset

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### C Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/ (loss) is adjusted for the effects of:

- Transactions of a non-cash nature;
- Any deferrals or accruals of past or future operating cash receipts or payments and,
- All other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

### D Borrowings Cost:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

**For Gianender &  
Associates  
Chartered Accountants  
FRN: 004661N**

**MANJU AGARWAL**  
(Partner)  
M.No :083878

**GURSHARAN SINGH**  
(Chairman & M.D.)  
DIN: 00057602

**D.R. ARYA**  
(Director & CFO)  
DIN: 00057582

**NARINDER PAUL  
KAUR**  
(Director)  
DIN: 02435942

**ANIL SHARMA**  
(Director)  
DIN : 00157911

**Place: Noida  
Date : 29<sup>th</sup> June, 2020**

**By Order of the Board  
For RACL Geartech Limited**

**SHASHANK RAMESH  
ANIKHINDI**  
(Director)

**RAJ KUMAR KAPOOR**  
(Director)  
DIN : 00110338

**SHAGUN BAJPAI**  
(Company Secretary)  
ICSI MEM. NO. A45982

**JAGDISH KESWANI**  
(Director)  
DIN: 02146267

**RAKESH KAPOOR**  
(Director)  
DIN : 00015358

**HPS BEDI**  
(Director)  
DIN : 05217488



**Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2020**
**Property, plant and equipment**

(₹ in Lakh)

Particulars	Note No	Cost or Deemed cost			Accumulated depreciation and impairment			Impairment		Carrying Amount		
		Balance as at April 1, 2019	Additions	Disposals	Balance at March 31, 2020	Balance as at April 1, 2019	Depr- ciation expense	Disposals	Balance at March 31, 2020	Impairment loss / reversal during the year	Balance at March 31, 2020	As at March 31, 2019
Building		933.48	285.56	89.30	1,129.74	95.26	69.72	39.41	125.57	-	1,004.17	838.22
Right To Use Buildings		-	472.12	-	472.12	-	88.67	-	88.67	-	383.45	-
Plant & Machinery		7,802.66	1,944.56	196.64	9,550.58	898.05	830.77	111.45	1,617.37	99.22	7,833.99	6,904.61
Furniture & Fixtures		4.53	-	-	4.53	0.89	2.32	-	3.21	-	1.32	3.64
Vehicles		94.44	-	-	94.44	7.63	18.76	-	26.39	3.12	64.93	86.81
Office Equipments	2	81.29	12.69	1.05	92.93	25.78	18.61	1.05	43.34	0.44	49.16	55.52
Electrical Installation		128.03	8.04	-	136.07	19.68	12.16	-	31.84	-	104.23	108.35
Capital Tool Support		309.45	7.70	-	317.15	-	60.26	-	60.26	-	256.89	309.45
Right To Use Leasehold - Land		1,144.37	-	-	1,144.37	-	19.08	-	19.08	-	1,125.29	1,144.37
<b>Total</b>		<b>10,498.25</b>	<b>2,730.67</b>	<b>286.99</b>	<b>12,941.93</b>	<b>1,047.28</b>	<b>1,120.35</b>	<b>151.91</b>	<b>2,015.72</b>	<b>102.78</b>	<b>10,823.43</b>	<b>9,450.97</b>

**Intangible Assets**

Particulars	Note No	Cost or Deemed cost			Accumulated depreciation and impairment			Impairment		Carrying Amount		
		Balance as at April 1, 2019	Additions	Disposals	Balance at March 31, 2020	Balance as at April 1, 2019	Depr- ciation expense	Disposals	Balance at March 31, 2020	Impairment loss / reversal during the year	Balance at March 31, 2020	As at March 31, 2019
Intangible Asset	3	12.86	10.42	-	23.28	-	7.37	-	7.37	-	15.91	12.86
Capital Work In Progress	4	18.88	26.59	16.11	29.36	-	-	-	-	-	29.36	18.88
<b>Total</b>		<b>31.74</b>	<b>37.01</b>	<b>16.11</b>	<b>52.64</b>	<b>-</b>	<b>7.37</b>	<b>-</b>	<b>7.37</b>	<b>-</b>	<b>45.27</b>	<b>31.74</b>

**Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2020**  
(₹ in Lakh)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
<b>Non Current Assets</b>			
<b>(a) Financial Asset</b>	5		
Investment in Equity Share Capital of Racl Geartech Gmbh, Austria for EURO 17500		-	
Security Deposits with landlord against rented premises & Authority		87.46	37.27
Security Deposits with UPPCL		91.17	76.07
<b>Total</b>		178.63	113.34
<b>(b) Other Non Current Assets</b>	6		
<b>Capital Advances</b>			
Advance for Machineries		15.14	50.67
<b>Total</b>		15.14	50.67
<b>Current Assets</b>			
<b>(a) Inventories (Lower of Cost or Net Relisable Value)</b>	7		
Raw Materials and components		427.59	494.73
Work-in-progress		727.47	723.96
Finished goods		246.38	123.12
Stock-In-Transit		484.68	349.99
Stores and spares		454.66	315.05
Loose Tools		1550.05	1,336.26
Jigs & fixtures		256.64	257.50
<b>Total</b>		4,147.46	3,600.61
<b>(b) Financial Assets</b>	8		
<b>i . Trade Recievable</b>			
Unsecured, considered good		5374.30	5,088.64
<b>Total</b>		5,374.30	5,088.64
<p>The concentration of credit risk is limited due to the fact that customer base is large and unrelated                      "The Company has taken an advance of ₹ 2483.43 lakh from RBL Bank &amp; Citibank against Trade Receivables. The above figures are inclusive of RBL Bank &amp; Citibank advances which are secured in following manner:                      - Second charge on the entire current movable &amp; Fixed Assets of the company                      - Personal Guarantee of Mr Gursharan Singh &amp; Mr D.R Arya"</p>			
<b>ii. Cash and Cash Equivalents</b>	9		
Balances with banks		62.93	61.90
Cash in hand		12.04	7.97
<b>Total</b>		74.97	69.87
<b>iii. Other Financial Asset</b>	10		
Interest Receivable		14.84	5.44
Interest Receivable on Account of Electricity Deposit		-	35.23
Other Claims		0.80	16.42
Margin money*		400.19	213.05
Other Loans and Advances		60.00	50.00
<b>Total</b>		475.83	320.14
*The Margin money on Letter of Credit is secured by Pledging of Term Deposit Receipts to the Schedule Bank.			
<b>(c) Other Current Assets (Secured, considered good)</b>	11		
Deposit with Government authorities		71.70	136.76
Prepaid Expenses		59.50	70.24
Advance to Suppliers		196.15	279.24
Rental deposits		1.10	
Wage and salaries advances		0.01	
Other Advances		0.73	16.55
Advance recoverable in cash or in kind or to the value to be received		759.46	367.49
<b>Total</b>		1,088.65	870.28

**Note No 12**
**Equity Share Capital**
**(₹ In Lakh)**

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
<b>Equity</b>	12.a.		
Authorised ( Equity Shares of ₹10/- each )		<b>2,000.00</b>	2,000.00
Issued & Subscribed (Equity Shares of ₹10/- each )		<b>1,179.00</b>	1,129.00
Paid up Share Capital		<b>1,078.16</b>	1,028.16
<b>Total Paid Up Share Capital</b>		<b>1,078.16</b>	1,028.16

During the year ended 31<sup>st</sup> March' 2020, Company had issued and allotted 5,00,000 equity shares of the face value of ₹ 10/- each on preferential allotment basis through private placement at a price of ₹ 72.50/- ( including premium of ₹ 62.50/-)

**i. Terms and rights attached to equity shares**

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend, if any proposed, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company declared and paid an interim dividend of ₹ 1/- per share (10% of the fair value of shares) amounting to ₹ 107.82 Lakh. ( Previous year : NIL)

In the event of liquidation of the company the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion to number of equity shares held by the shareholders.

**ii. Shares held by holding/Ultimate holding company and/or their subsidiaries/associates : Nil**
**iii. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting Year**
**(₹ In Lakh)**

Particulars	As at 31.03.2020		As at 31.03.2019	
	No of Equity Shares	INR	No of Equity Shares	INR
Share outstanding at the beginning of the year	<b>102.82</b>	<b>1,028.16</b>	99.32	993.16
Share issued during the year	<b>5.00</b>	<b>50.00</b>	3.50	35.00
Shares bought back during the year		-		-
<b>Share outstanding at the end of the year</b>	<b>107.82</b>	<b>1,078.16</b>	102.82	1,028.16

**iv. List of Shareholders having more than 5% equity shares**
**(₹ In Lakh)**

Particulars	As at 31.03.2020		As at 31.03.2019	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Gursharan Singh	<b>39.29</b>	<b>36.44</b>	34.29	33.35
PICUP	<b>15.03</b>	<b>13.94</b>	15.03	14.62
Middleware Development Limited	<b>8.70</b>	<b>8.07</b>	10.00	9.73

**Other Equity**
**(₹ In Lakh)**

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
Retained Earning	<b>12.b.</b>	<b>6,698.17</b>	5,193.89
Securities Premium Reserve		<b>695.31</b>	382.75
Share Forfeiture Account		<b>41.95</b>	41.95
<b>Total</b>		<b>7,435.43</b>	<b>5,618.59</b>

a. The Company has forfeited 10,08,400 equity share of ₹ 10/- each (on 21.4.2003) and 19,00,000 convertible share warrants having paid up value of ₹ 1/- each (on 19.4.2010)

**Movement in Other Equity**
**(₹ In Lakh)**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Retained Earning</b>		
Opening Balance	5,193.89	4,250.66
Add: Comprehensive Income for the year	1,634.26	943.23
Less: Dividend Paid	(107.82)	-
Less: Dividend Distribution Tax	(22.16)	-
<b>Closing Balance</b>	<b>6,698.17</b>	5,193.89
<b>Securities Premium Reserve</b>		
Opening Balance	382.75	181.50
Add: Comprehensive Income for the year	312.56	201.25
<b>Closing Balance</b>	<b>695.31</b>	382.75
<b>Share Forfeiture Account</b>		
Opening Balance	41.95	41.95
Add: Comprehensive Income for the year	-	-
<b>Closing Balance</b>	<b>41.95</b>	41.95

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

By Order of the Board  
For RACL Geartech Limited

**MANJU AGARWAL**  
(Partner)  
M.No :083878

**GURSHARAN SINGH**  
(Chairman & M.D.)  
DIN: 00057602

**JAGDISH KESWANI**  
(Director)  
DIN: 02146267

**SHASHANK RAMESH ANIKHINDI**  
(Director)  
DIN : 07787889

**D.R. ARYA**  
(Director & CFO)  
DIN: 00057582

**RAKESH KAPOOR**  
(Director)  
DIN : 00015358

**RAJ KUMAR KAPOOR**  
(Director)  
DIN : 00110338

Place: Noida  
Date : 29<sup>th</sup> June, 2020

**NARINDER PAUL KAUR**  
(Director)  
DIN: 02435942

**HPS BEDI**  
(Director)  
DIN : 05217488

**SHAGUN BAJPAI**  
(Company Secretary)  
ICSI MEM. NO. A45982

**ANIL SHARMA**  
(Director)  
DIN : 00157911

**Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2020**

(₹ in Lakh)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
<b>Non Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>Borrowings</b>			
<b>Secured Loans</b>			
Term Loan from Bank	13	<b>3,678.97</b>	3,308.00
Less: Unamortised Borrowing Cost		<b>(27.34)</b>	(29.95)
Less: Current Maturities of Term Loan		<b>(1,084.42)</b>	(769.72)
	13.a.	<b>2,567.21</b>	2,508.33
Car Loan	(i)	<b>37.52</b>	55.24
Less: Current Maturities of car Loan		<b>(19.30)</b>	(22.20)
	(ii)	<b>18.22</b>	33.04
	1((i)+(ii))	<b>2,585.43</b>	2,541.37
<b>Unsecured</b>			
Term Loan from Financial Institutions/ Banks	13.b.	<b>627.38</b>	727.98
Less: Current Maturities of loan from FI		<b>(139.40)</b>	(163.04)
Term Loan from Related Parties			30.00
	2	<b>487.98</b>	594.94
<b>Total (1+2)</b>		<b>3,073.42</b>	3,136.31
<b>Other Non current Financial Liabilities</b>			
Lease Liabilities	14	<b>407.27</b>	
Less: Current Maturities of Lease Liabilities		<b>105.18</b>	
<b>Total</b>		<b>302.09</b>	-
<p>1. Secured Term Loans from banks have been guaranteed by Whole Time Directors.</p> <p>2. Maturity Profile of Secured Term Loans and Other Loans are as under :</p> <ul style="list-style-type: none"> <li>- FY 20-21 11.04 Crores</li> <li>- FY 21-22 9.52 Crores</li> <li>- FY 22-23 7.79 Crores</li> <li>- FY 23-24 5.71 Crores</li> <li>- FY 24-25 2.37 Crores</li> </ul> <p>3. Loans from bank of India, Noida Branch, IndusInd Bank Ltd, Citibank, and RBL Bank are secured on PariPassu Basis in the following Manner:</p> <ul style="list-style-type: none"> <li>- First charge by way of Hypothecation on entire stock and Book Debt of the Company</li> <li>- First Charge over entire Fixed Assets of the company excluding Land and Building &amp; vehicle (Both Present &amp; Future)</li> <li>- Extension of EQM of Company's Land and Building at Gajraula U.P.</li> </ul> <p>The above Loans are also secured by personal guarantee (Joint and Several) of Shri Gursharan Singh and Shri D.R. Arya            Loans from Tata Capital and Siemens Financial Services are secured by fixed charges on the specific Assets financed.            The Current Maturities of Long Term Debt have been shown as Current Liabilities under Note No. 19 &amp; 20</p> <p>4. Unsecured Loans from Financial Institutions and Banks include Loan from Foreign Bank UBS(AG)- Switzerland &amp; Luzerner Kantonal Bank - Switzerland in CHF currency. Maturity Profile of Unsecured term Loans and Other Loans in INR are as under :</p> <ul style="list-style-type: none"> <li>- FY 20-21 2.10 Crores</li> <li>- FY 21-22 2.10 Crores</li> <li>- FY 22-23 1.39 Crores</li> <li>- FY 23-24 1.10 Crores</li> <li>- FY 24-25 0.40 Crores</li> </ul>			

**Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2020**

(₹ in Lakh)

<b>(b) Long Term Provisions</b>	15		
Gratuity		<b>620.13</b>	550.85
Leave Encashment		<b>77.77</b>	92.38
<b>Total</b>		<b>697.90</b>	643.23
<b>(c) Deferred tax liabilities (Net)</b>	16		
Deferred tax liabilities		<b>1053.95</b>	965.87
Less: Deferred tax assets		<b>(359.07)</b>	(205.72)
Less Mat Credit Entitlement			(93.94)
<b>Total</b>		<b>694.89</b>	666.21
<b>(d) Other Non- Current Liabilities</b>	17		
Long Term Advances from Customers		<b>150.78</b>	170.86
Less: Current Maturities of Long Term Advances from Customers		<b>(70.85)</b>	(35.41)
<b>Total</b>		<b>79.93</b>	135.45
<b>Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>(i). Secured Borrowings</b>	18		
a. Loans repayable on demand from banks		<b>1883.50</b>	1,640.55
Total a.		<b>1,883.50</b>	1,640.55
b. Bill Discounting Facility		<b>2483.43</b>	2748.40
Total b.		<b>2,483.43</b>	2,748.40
<b>Total (ia) {a.+b.}</b>		<b>4,366.92</b>	4,388.95
1. Loans from Bank of India, Noida Branch, Indusind Bank Ltd, Citibank and RBL Bank are secured on PariPassu Basis in the following Manner: - First charge by way of Hypothecation on entire stock and Book Debt of the Company - First Charge over entire Fixed Assets of the company excluding Land and Building & vehicle (Both Present & Future) - Extension of EQM of Company's Land and Building at Gajraula U.P.  The above Loans are also secured by personal guarantee (Joint and Several) of Shri Gursharan Singh and Shri D.R. Arya			
<b>ii. Trade payables</b>	19		
Due to other than SSIs/MSME		<b>1902.06</b>	2,140.12
Add: Cheques issued but not present in the bank		<b>0.42</b>	0.66
<b>Total</b>		<b>1,902.47</b>	2,140.78

**Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2020**

(₹ in Lakh)

1. According to records available by the company overdues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is ` Nil (previous year ` Nil). Further no interest has been paid or was payable to such parties under the said Act during the year.

2. Dues to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.

<b>iii. Other Financial liabilities - Current</b>	20		
Current maturities of Long-term debt			
Current Maturities of Term Loan		<b>1084.42</b>	769.72
Current Maturities of Car Loan		<b>19.30</b>	22.2
Current Maturities of Loan from Financial Institution		<b>139.40</b>	163.04
Current Maturities of Lease Liability		<b>105.18</b>	
Payable to Staff		<b>0.83</b>	0.37
Salary & Wages		<b>43.95</b>	63.73
Other payables		<b>788.39</b>	480.85
<b>Total</b>		<b>2,181.48</b>	1,499.91
<b>(b) Other Current liabilities</b>	21		
i. Statutory Dues			
Tax Collection At Source		<b>0.05</b>	0.17
TDS Payable		<b>22.84</b>	19.08
GST Payable		<b>8.79</b>	5.10
ii Advance received from Customers		<b>142.60</b>	135.38
iii Current Maturities of Long Term Advances from Customers		<b>70.85</b>	35.41
iv Unpaid Interim Dividend (2019-20)		<b>5.38</b>	
<b>Total</b>		<b>250.51</b>	195.14
<b>(c) Short Term Provisions</b>	22		
Gratuity Short term		<b>100.13</b>	51.74
Leave Encashment Short Term		<b>27.76</b>	11.51
ESI & PF Payable		<b>7.03</b>	7.78
<b>Total</b>		<b>134.92</b>	71.03
<b>(d) Current Tax Liabilities (Net)</b>	23		
Income Tax Payable		<b>558.20</b>	373.28
Less : Advance Taxes		<b>(532.64)</b>	(300.78)
<b>Total</b>		<b>25.56</b>	72.50

## Notes to Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2020

### Revenue From Operations

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Sale of Products - Domestic	24	<b>6102.01</b>	7129.59
Sale of Products - Export		<b>14237.49</b>	10986.88
Other Operating Revenue		<b>893.42</b>	878.65
<b>Total</b>		<b>21,232.92</b>	18,995.12

### Other Income

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Interest on Deposits	25	<b>24.25</b>	17.84
Discount on Advance paid to Supplier		<b>25.36</b>	
Other Non Operating Income		<b>2.00</b>	37.54
Foreign Exchange Rate Fluctuation Net Gain		<b>0.00</b>	45.93
<b>Total</b>		<b>51.61</b>	101.31

### Cost of Raw Material

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Opening Stock	26	<b>494.73</b>	416.75
Add: Purchases		<b>7,009.56</b>	6936.18
Less: Closing Stock		<b>(427.59)</b>	(494.73)
<b>Total</b>		<b>7,076.70</b>	6,858.20

### Change in Inventories

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
<b>Closing Stock</b>			
Finished Goods -CS		<b>246.38</b>	121.25
Material in Transit -CS		<b>484.68</b>	349.99
Work in Progress -CS		<b>727.47</b>	725.83
Scrap -CS		<b>1,458.52</b>	1,197.07



(₹ in Lakh)

<b>Less:</b>			
<b>Opening Stock</b>			
Finished Goods- OS	27	<b>121.25</b>	111.63
Material in Transit- OS		<b>349.99</b>	
Work in Progress- OS		<b>725.83</b>	602.13
Scrap- OS			
		<b>1,197.07</b>	713.76
<b>(Inc)/Dec in stock</b>		<b>(261.45)</b>	(483.31)

**Employee Benefits Expenses**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Salary & Incentives		<b>2061.75</b>	1850.02
Contribution to Provident Fund		<b>37.43</b>	34.21
Gratuity Contribution	28	<b>84.45</b>	72.64
Leave Encashment		<b>11.68</b>	20.63
Directors Remuneration		<b>198.67</b>	153.44
Staff Welfare Expenses		<b>88.49</b>	80.32
<b>Total</b>		<b>2,482.47</b>	2,211.26

**Finance Cost**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense		<b>717.69</b>	555.18
Foreign Exchange Rate Fluctuation Net Loss	29	<b>30.52</b>	
Other Borrowing Cost		<b>96.53</b>	82.41
<b>Total</b>		<b>844.74</b>	637.59

**Depreciation and Amortisation**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation	30	<b>1127.78</b>	799.59
<b>Total</b>		<b>1,127.78</b>	799.59

**Other Expenses**

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019	
Stores & Spares Consumed		681.62	725.09	
Packing Material Consumed		403.98	372.68	
Loose Tools Consumed		991.48	1086.31	
Power, Oil & Lubricants & LPG for furnace		1,351.33	1402.54	
Repairs & Maintenance (Plant & Machinery)		209.88	194.84	
Outside Vendoring		2,484.63	2077.28	
Others		13.29	11.96	
Assets Written Off		49.89	0.00	
Impairment Loss		102.77	0.00	
<b>Total</b>		<b>6,288.88</b>	<b>5,870.70</b>	
Travelling & Conveyance	31	106.27	90.74	
Vehicle Running and Maintenance Costs		70.52	62.85	
Telephone, Telex & Communication		23.53	21.98	
Repairs & Maintenance -Buildings		32.41	15.82	
Repairs & Maintenance -Others		6.85	0.41	
Freight & Forwarding		583.03	729.70	
Rework & Other Charges on Sales		27.31	72.04	
Loss on Sale of Faulty Goods		130.66	74.95	
Warehouse Charges		86.15	48.23	
Austrian Subsidiary Services		0.00	0.00	
UPSIDC Maintenance Charges		49.02	0.00	
Insurance		57.51	47.05	
Loss From Sales of Fixed Assets		8.93	7.56	
Rent		8.67	77.68	
Printing & Stationary		28.81	23.57	
Electricity & Water		12.78	12.73	
Legal & Professional Fees		159.99	116.02	
Misc Expenses		142.48	66.94	
<b>Total</b>			<b>1,534.92</b>	<b>1,468.27</b>
<b>Total</b>			<b>7,823.80</b>	<b>7,338.97</b>

**Payments to Statutory Auditors**

(₹ in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Statutory Audit Fee	3.20	4.15
(b) Other Services	3.15	0.00
<b>Total</b>	<b>6.35</b>	<b>4.15</b>

## Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2020

### 32 Disclosure pursuant to Ind AS 33 “Earnings per share”

**Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 “Earnings per share”.**

Particulars	Unit	As at March 31, 2020	As at March 31, 2019
<b>Earnings Per Equity Share:</b>			
Profit for the year attributable to owners of the Company	Rupees	<b>1,634.26</b>	943.23
Weighted average number of equity shares outstanding for calculating basic earnings per share	Numbers	<b>106.74</b>	101.02
<b>Basic Earnings per Share</b>	Rupees	<b>15.31</b>	9.34

### 33 Disclosure pursuant to Ind AS 19 “Employee Benefit”

The details of various employee benefit provided to employee areas under:

#### 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.

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

**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.

The most recent actuarial valuation for determining present value of the defined benefit obligation were carried out as at March 31, 2020 by Mr. I Sambasavi Rao (Membership no. 158), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumption used for the purpose of the actuarial valuations were as follows:-

#### A. Gratuity

(₹ in Lakh)

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
<b>Reconciliation of opening &amp; closing balances of PV of defined benefit obligation</b>		
Opening defined benefit obligation	<b>602.59</b>	512.01
Current service Cost	<b>39.37</b>	31.07
Interest Cost on Benefit Obligation	<b>41.32</b>	38.90
Prior service cost-Vested benefit		
Net Actuarial gain/loss recognized during the year	<b>61.70</b>	34.13
Benefits paid	<b>(24.72)</b>	(13.52)
<b>Closing defined benefit obligation</b>	<b>720.26</b>	602.59
<b>Current Liabilities</b>	<b>100.13</b>	51.74
<b>Non Current Liabilities</b>	<b>620.12</b>	550.85

(₹ in Lakh)

<b>Expenses recognized in the statement of P&amp;L Account</b>		
Current Service Cost	<b>39.37</b>	31.07
Interest Cost on Benefit Obligation	<b>41.32</b>	38.90
<b>Defined Benefit Cost included in P&amp;L</b>	<b>80.69</b>	69.97
Total Remeasurement in OCI	<b>61.70</b>	34.13
<b>Total Defined Benefit Cost recognised in P&amp;L and OCI</b>	<b>142.39</b>	104.10
<b>Summary of Actuarial Assumptions</b>		
<b>Retirement Age</b>		
Discount Rate	<b>7.00%</b>	7.70%
Salary Escalation	<b>6%</b>	6%
Attrition Rate	<b>58 Years</b>	58 Years
Average Future Service	<b>18.22</b>	16.17
Mortality Table		IALM(2006-08) Table

**B. LEAVE ENCASHMENT**

(₹ in Lakh)

<b>Particulars</b>	<b>Leave Encashment</b>	
	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Reconciliation of opening &amp; closing balances of PV of defined benefit obligation</b>	<b>103.89</b>	132.53
Opening defined benefit obligation		
Current service Cost	<b>7.53</b>	11.60
Interest Cost on Benefit Obligation	<b>6.91</b>	8.34
Prior service cost-vested benefit		
Net Actuarial gain/loss recognized during the year	<b>(2.44)</b>	(0.12)
Benefits paid	<b>(10.36)</b>	(48.46)
<b>Closing defined benefit obligation</b>	<b>105.53</b>	103.89
<b>Current Liability</b>	<b>27.76</b>	11.51
<b>Non Current Liability</b>	<b>77.77</b>	92.38
<b>Expenses recognized in the statement of P&amp;L Account</b>		
Current Service Cost	<b>7.53</b>	11.60
Interest Cost on Benefit Obligation	<b>6.91</b>	8.34
<b>Defined Benefit Cost included in P&amp;L Account</b>	<b>14.44</b>	19.94
Total Remeasurement in OCI	<b>(2.44)</b>	(0.12)
<b>Total Defined Benefit Cost recognised in P&amp;L and OCI</b>	<b>12.00</b>	19.82
<b>Summary of Actuarial Assumptions</b>		
<b>Retirement Age</b>		
Discount Rate	<b>7.00%</b>	7.70%
Salary Escalation	<b>6%</b>	6%
Retirement Age	<b>58 Years</b>	58 Years
Average Future Service	<b>17.75</b>	18.73
Mortality Table		IALM(2006-08) Table

### C. SENSITIVITY ANALYSIS

A quantitative sensitivity analysis for significant assumptions as 31<sup>st</sup> March 2020

Particulars	Gratuity Plan	
	Change in Assumptions	Impact on Defined Benefit Obligation
	Increase/ (Decrease)	Increase/ Decrease in Assumptions
<b>UNDER BASE SCENARIO</b>		72,026,321
	%	₹
SALARY ESCALATION	1.00%	76,763,513
	-1.00%	67,713,847
WITHDRAWAL RATES	1.00%	72,288,629
	-1.00%	71,734,164
DISCOUNT RATES	1.00%	67,907,489
	-1.00%	76,661,166

#### 34 Disclosure of Segmental reporting pursuant to Ind AS 108 “Segmental Reporting”

The Company is engaged in manufacturing of Automotive Components meant for two wheeled, three wheeled and four wheeled Vehicles. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting Systems. The company has structured its operations into single operating segment geographic distribution of however based on the activities, the chief operating decision maker identified India and outside India as two geographical segments.

(₹ in Lakh)

Revenue from Customers	As at Mar 31, 2020	As at Mar 31, 2019
<b>Within India</b>	<b>6102.01</b>	7129.59
<b>Outside India</b>		
AUSTRIA	<b>6444.05</b>	5260.71
JAPAN	<b>2645.08</b>	2998.64
GERMANY	<b>3913.01</b>	2082.86
SWITZERLAND	<b>786.68</b>	368.51
ITALY	<b>103.63</b>	256.73
VIETNAM	<b>6.96</b>	8.41
HUNGARY	<b>336.18</b>	5.50
CHINA	<b>1.89</b>	5.50

#### 35 Disclosure of Related parties / Related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

##### A. List of Related Parties

Name of the Key Management Personnel	Designation
Mr. Gursharan Singh	Managing Director

##### B. Transactions with related parties:

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Remuneration and Perks - Key Managerial Personnel	<b>219.48</b>	163.19
Remuneration and Perks - Relatives of Key Managerial Personnel	<b>37.01</b>	22.97
Directors Sitting Fees	<b>2.95</b>	0.90

Remuneration & Perks include payment to Mr. Gursharan Singh, Chairman & Managing Director ₹ 142.18 Lakh (Prev Year ₹ 109.36 Lakh), Mr. Dev Raj Arya, Director & CFO ₹ 59.65 Lakh (Prev Year ₹ 47.33Lakh) Mr. Hitesh Kumar, Company Secretary ₹ 7.03 Lakh (Prev Year ₹ 6.50 Lakh), Ms. Shagun Bajpai, Company Secretary ₹ 1.52 Lakh (Prev Year NIL), Mr. Anil Sharma, Non-Executive Director ₹ 9.10 Lakh (Prev Year NIL) KMP's of the company

Remuneration & Perks paid to Mrs. Narinder Paul Kaur ( as retainership fees), ₹ 18 Lakh (Prev Year ₹ 13.20 Lakh) and Mr. Prabh Mehar Singh ₹ 19.01 Lakh (Prev year ₹ 9.77 Lakh) , Relatives of Key Managerial Person Director Sitting Fees is paid to Mrs. Narinder Paul Kaur, Non executive Director ₹ 1.15 Lakh (Prev. Year ₹ 0.90 Lakh) & Mr. Anil Sharma, Non executive Director ₹ 1.80 Lakh (Prev. Year ₹ 1.65 Lakh).

(₹ In Lakh)

Name of the Key Management Personnel	Outstanding As at March 31, 2020		Outstanding As at March 31, 2019	
	Receivable	Payable	Receivable	Payable
Mr Gursharan Singh	-	34.95	-	24.21
Mr Dev Raj Arya	-	-	-	-
Mr Hitesh Kumar	-	-	-	-
Mr. Anil Sharma	-	-	-	-
Ms. Shagun Bajpai	-	-	-	-
Name of Relatives of Key Managerial Personnel				
Mrs Narinder Paul Kaur (Non-Executive Director)	-	-	-	-
Mr Prabh Mehar Singh	-	-	-	-

## Financial Instruments

### 36 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

The capital structure of the company consists of debt (long term borrowings, current maturity of long term borrowings and short term borrowings), capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

#### 36.1 Gearing Ratio

The gearing ratio at the end of the reporting period was as follows

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Debt	8,683.46	8,480.22
Cash and Bank Balances	74.97	69.87
Net Debt (i)	8,608.50	8,410.35
Equity (ii)	8,513.59	6,646.75
Net Debt To Equity Ratio	1.01	1.27

**37. Categories of Financial Instruments**

(₹ in Lakh)

Financial instruments by categories	31.03.2020			31.03.2019		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>						
<b>Non-Current Financial Asset</b>						
Security Deposit	-	-	<b>178.63</b>	-	-	113.34
<b>Current Financial Asset</b>						
i. Trade receivables	-	-	<b>5,374.30</b>	-	-	5,088.64
ii. Cash and cash equivalents	-	-	<b>74.97</b>	-	-	69.87
iii. Other Financial asset	-	-	<b>475.83</b>	-	-	320.14
<b>Total Financial Asset</b>	-	-	<b>6,103.72</b>	-	-	5,591.99
<b>Financial liability</b>						
<b>Non-Current Financial Liabilities</b>						
Borrowings	-	-	<b>3,073.42</b>	-	-	3,136.31
Other	-	-	<b>302.09</b>			
<b>Current Financial Liabilities</b>						
i. Borrowings	-	-	<b>5,610.05</b>	-	-	5,343.91
ii. Trade payables	-	-	<b>1,902.47</b>	-	-	2,140.78
iii. Current maturities of lease	-	-	<b>105.18</b>			
iii. Other financial liabilities	-	-	<b>833.17</b>	-	-	544.95
<b>Total Financial Liabilities</b>	-	-	<b>11,826.37</b>	-	-	11,165.95

**38 Fair value of Financial Assets and Liabilities at amortized cost**

(₹ in Lakh)

Financial instruments by categories	31.03.2020		31.03.2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial asset</b>				
<b>Non-Current Financial Asset</b>				
Security Deposit	178.63	178.63	113.34	113.34
<b>Current Financial Asset</b>				
i. Trade receivables	5,374.30	5,374.30	5,088.64	5,088.64
ii. Cash and cash equivalents	74.97	74.97	69.87	69.87
iii. Other Financial asset	475.83	475.83	320.14	320.14
<b>Total Financial Asset</b>	<b>6,103.72</b>	<b>6103.72</b>	<b>5,591.99</b>	<b>5591.99</b>
<b>Financial liability</b>				
<b>Non-Current Financial Liabilities</b>				
Borrowings	3,073.42	3,073.42	3,136.31	3,136.31
<b>Current Financial Liabilities</b>				
i. Borrowings	5,610.05	5,610.05	5,343.91	5,343.91
ii. Trade payables	1,902.47	1,902.47	2,140.78	2,140.78
iii. Other financial liabilities	833.17	833.17	544.95	544.95
<b>Total Financial Liabilities</b>	<b>11,419.11</b>	<b>11,419.11</b>	<b>11,165.95</b>	<b>11,165.95</b>

The carrying amount of financial assets/liabilities including trade receivables and payables and others; measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

The Fair values are all measured at Level 3

### 39 Financial Risk Management Objectives

The company's activities expose it to variety of financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed annually to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

#### A) Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

##### i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in the several countries and purchases from overseas suppliers in various foreign currencies.

#### The company has incurred expenditure in Foreign Currency

(₹ in Lakh)

Particulars	FY 2019-20	FY 2018-19
Raw Material/Tools/Machines/Other	<b>1,557.28</b>	2,710.97
Foreign Travelling	<b>71.67</b>	54.60
Employee Cost	<b>19.96</b>	-

#### The company has Earnings in Foreign Currency

Particulars	FY 2019-20	FY 2018-19
Export of Goods on CIF Basis	<b>14,237.49</b>	10,986.88



**The foreign currency risk from financial instruments as at March 31, 2020 is as follows: (₹ in Lakh)**

Particulars	As on 31.03.2020								
	USD	EURO	CHF	GBP	Yuan	JPY	Thai Baht	Hong Kong Dollar	Canadian Dollar
Cash & Cash Equivalents (INR)	0.90	0.31	0.42	0.07	0.41	0.14	0.05	0.02	0.05
Trade Receivables (INR)	3818.45	165.84							
Trade Payables (INR)		20.76	8.32						
Interest Payables (INR)			4.25						
Borrowings in Foreign Currency (INR)	2834.66	62.29	487.99						
<b>Total</b>	<b>6654.01</b>	<b>249.20</b>	<b>500.98</b>	<b>0.07</b>	<b>0.41</b>	<b>0.14</b>	<b>0.05</b>	<b>0.02</b>	<b>0.05</b>

**The foreign currency risk from financial instruments as at March 31, 2019 is as follows: (₹ in Lakh)**

Particulars	As on 31.03.2019							
	USD	EURO	CHF	GBP	Yuan	JPY	Thai Baht	
Cash & Cash Equivalents (INR)	0.62	0.48	0.38	0.07	0.02	0.12	0.09	
Trade Receivables (INR)	3623.53	96.77						
Trade Payables (INR)			3.10					
Interest Payables (INR)			4.73					
Borrowings in Foreign Currency (INR)	2650.85	87.11	727.98					
<b>Total</b>	<b>6275.00</b>	<b>184.36</b>	<b>736.19</b>	<b>0.07</b>	<b>0.02</b>	<b>0.12</b>	<b>0.09</b>	

**Sensitivity analysis based on average outstanding Foreign currency loan (₹ in Lakh)**

Particulars	Impact on profit/ loss after tax	
	FY 2019-20	FY 2018-19
Increase or decrease in exchange rate by Rs.1	<b>97.90</b>	103.79

Note: Profit will increase in case of decrease in foreign currency rate and vice versa

**ii Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

**The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:**

(₹ in Lakh)

Particulars	FY 2019-20	FY 2018-19
Debt from Banks/FIs - Variable rate borrowings	<b>8,815.98</b>	8,480.17

**Sensitivity analysis based on average outstanding Debt (₹ in Lakh)**

Interest Rate Risk Analysis	Impact on profit / loss after tax	
	FY 2019-20	FY 2018-19
Increase or decrease in interest rate by 25 basis points	<b>21.62</b>	18.91

Note: Profit will increase in case of decrease in interest rate and vice versa

**B) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

**The following are the contractual maturities of financial liabilities (₹ in Lakh)**

As at March 31, 2020	Carrying Amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Non Derivative Financial Liability</b>						
Term Loan from Banks	<b>3,678.97</b>	1,084.42	2,521.14	73.41		3,678.97
Term Loan from Financial Institutions	<b>627.38</b>	139.40	418.19	69.79		627.38
Lease Liabilities	<b>512.45</b>	105.18	219.32	187.95		512.45
Long Term Advances from Customers	<b>150.78</b>	70.85	79.93			150.78
Car Loan	<b>37.52</b>	19.30	18.22			37.52
Loan Repayable on Demand	<b>1,883.50</b>	1,883.50				1,883.50
Bill Discounting	<b>18.22</b>	18.22				18.22
Trade Payables	<b>1,902.47</b>	1,902.47				1,902.47
Other Financial Liabilities	-	-				-
<b>Total</b>	<b>8,811.30</b>	5,223.35	3,256.80	331.15	-	8,811.30

**The following are the contractual maturities of financial liabilities (₹ in Lakh)**

As at March 31, 2019	Carrying Amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Non Derivative Financial Liability</b>						
Term Loan from Banks	<b>3,308.00</b>	1,084.42	1,919.94	303.64		3,308.00
Term Loan from Financial Institutions	<b>727.98</b>	139.40	418.19	170.39		727.98
Loan repayable to Related party	-					-
Long Term Advances from Customers	<b>170.86</b>	70.85	100.01			170.86
Car Loan	<b>55.24</b>	19.30	35.94			55.24
Loan Repayable on Demand	<b>1,640.55</b>	1,640.55				1,640.55
Bill Discounting	<b>2,748.40</b>	2,748.40				2,748.40
Trade Payables	<b>2,140.78</b>	2,140.78				2,140.78
<b>Other Financial Liabilities</b>	<b>544.95</b>	544.95				544.95
<b>Total</b>	<b>11,336.76</b>	8,388.65	2,474.08	474.03	-	11,336.76

**40. Expenditure on Corporate Social Responsibility (CSR)**
**(₹ in Lakh)**

Particulars	FY 2019-20	FY 2018-19
a) Gross amount required to be spent during the year	26.97	21.05
b) Amount actually spent during the year	20.55	12.37

#### 41. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

(₹ in Lakh)

Particulars	As at March 31, 2019	Movement Recognised in Statement of Profit and Loss	As at March 31, 2020
Deferred tax (liabilities)/assets in relation to:			
Property, plant and equipment and Intangible Assets	(965.87)	(88.08)	(1,053.95)
Defined benefit obligation	205.72	153.35	359.07
Deferred Tax Asset / (Liabilities) (Net)	(760.15)	65.26	(694.89)

#### 42 Contingent liabilities

##### 1. Corporate Guranatees given by the Company on behalf of their Suppliers.

Company has given guarantee/securities under section 186 or other applicable provisions of the Companies Act, 2013, of following amounts for the suppliers of the Company to TATA Capital financial Services Limited and these suppliers are associated with the company for last so many years and they have undertaken to establish additional Job working facility fully dedicated to RACL Geartech Limited:

1. For Global Engineering Works Limited for an amount of ₹ 114 Lakhs.
2. For Hariom Engineering Private Limited for an amount of ₹ 29 Lakhs.
3. Diamento precision Parts Private Limited for an amount of ₹ 40 Lakhs.

##### 2. Income Tax Demands

The Company's proceedings pending with Tax Authorities are worth for ₹ 103.61 Lakh only. The Company has reviewed all its pending proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements.

#### 43 Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

There have been no claimed transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence, reporting details of Principal and Interest does not arise.

#### 44 Previous years figures

Previous years figures have been regrouped/reclassified/recasted wherever necessary.

#### 45 Disclosure Note- Ind AS 116

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. RACL reviewed all of the company's leasing arrangements in light of the new lease accounting rules in Ind AS 116. The group intends to apply modified retrospective approach and has not restated comparative information in the financial statements for the year ending 31 March 2020.

The estimated impact of Ind AS 116 on RACL's financial statements at 31 March 2020 is as follows:

**Balance sheet:** The company estimates that the adoption of Ind AS 116 will result in an increase in total assets of approximately INR 479.05 Lakh, split between right-of-use assets of INR 472.11 Lakh and deferred tax assets of INR 6.94 Lakh. Financial liabilities are expected to increase by approximately INR 472.11 and net equity will decrease by approximately NIL.

**Statement of profit and loss:** The company estimates that the adoption of Ind AS 116 will result in increased depreciation of approximately INR 107.75Lakh from the right-of-use assets and increased finance costs of approximately INR 35.20 Lakh per year due to the interest recognised on lease liabilities. These will offset the reduction in operating lease expenses of around INR 100.59 Lakh per year, resulting in an overall net reduction of profit before taxes of approximately INR 42.34Lakh.

**Statement of cash flows:** The company estimates that the adoption of Ind AS 116 will result in increase in operating cash flows and decrease in financing cash flows by approximately INR 72.55 Lakh as repayment of the lease liabilities and related interest will be classified as cash flows from financing activities.

#### 46 Covid-19 Impact

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. COVID19 is significantly impacting business operation of the company, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities and off-take of products by customers etc. On 24<sup>th</sup> March, 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till 3rd May, 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities. Further, during April 2020 and May 2020, there has been significant decline in the monthly revenues as compared to previous years as similar impact is seen across supply chains including with our customers. However, long term purchase agreements with key customers that remain committed, including addition of new significant contracts during this period have reinforced and formed a part of management's estimates which for next F.Y. have projected a modest growth of 3.8% as compared to 25% CAGR for last 3 years. In assessing the recoverability of Company's assets such as Investments, Loans, intangible assets, Trade receivable, Inventories etc. the Company has considered internal and external information. The Company has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions, and the Company expects to recover the carrying amount of the assets.

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**
**Part A: Subsidiaries**

Reporting period:

 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020

Sl. No.	Particulars	RACL Geartech GmbH, Austria
1.	Reporting currency	Euro
2.	Exchange rate	83.05
3.	Share capital	17500.00
4.	Reserves and surplus	(1865.24)
5.	Total assets	23560.55
6.	Total Liabilities	23560.55
7.	Investments	-
8.	Turnover	49087.00
9.	Profit before taxation	(1240.24)
10.	Provision for taxation	(625.00)
11.	Profit after taxation	(1865.24)
12.	Proposed Dividend	-
13.	Percentage of shareholding	100%

1. Names of subsidiaries which are yet to commence operations. NIL

2. Names of subsidiaries which have been liquidated or sold during the year. NIL

**For and on Behalf of the Board of Directors  
RACL Geartech Limited**

**Mr. Gursharan Singh**  
 Chairman & Managing Director  
 DIN: 00057602

**Mr. Dev Raj Arya**  
 Whole-Time Director & CFO  
 DIN: 00057582

**Place: Noida**  
**Date: 29<sup>th</sup> June, 2020**

**Ms. Shagun Bajpai**  
 Company Secretary  
 ICSI M. No.: A45982

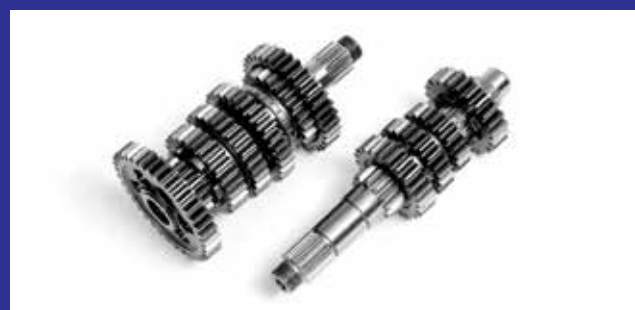
# RACL

## WORLD CLASS INFRASTRUCTURE



# RACL

## PRODUCT PORTFOLIO



# RACL

## CORPORATE SOCIAL RESPONSIBILITY



RACL Directors at Independence Day Celebration at S.S. Vidyaniketan, our Partner School.



Yoga Day at Gajraula Plant



Diwali Celebrations at School with Mrs. N.P. Kaur, Director RACL.



World Environment Day at Gajraula Plant.



Sweater Distribution at School during Winters



Tree Plantation at Plant



# RACL Geartech GmbH, Austria Inauguration

**RACL Geartech Limited incorporated its Foreign Subsidiary,  
RACL Geartech GmbH in Austria in 2019**



**Chairman & Managing Director, RACL inaugurating  
RACL Geartech GmbH with First Secretary,  
Indian Embassy in Austria**



**RACL Directors at the Inauguration**



**Registered Office : 15<sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi - 110019, India  
Corporate Office: B-9, Sector-3, Noida- 201301, Uttar Pradesh  
Plant-1: A-3, Industrial Area, Gajraula, District Amroha-244223, Uttar Pradesh  
Plant-2: A-62, Sector-63, Noida, District Gautam Budh Nagar- 201307, Uttar Pradesh  
RACL Geartech GmbH, Austria: Hauptstraße 38, 4550 Kremsmünster, Oberösterreich, Austria**