

# RICO RICO AUTO INDUSTRIES LIMITED

REGD. & CORP. OFFICE : 38 KM STONE, DELHI-JAIPUR HIGHWAY, GURUGRAM - 122001, HARYANA (INDIA)  
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CIN : L34300HR1983PLC023187

RAIL:SEC:2021

September 08, 2021

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001  Scrip Code - <b>520008</b>	National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai - 400 051  Scrip Code - <b>RICOAUTO</b>
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Sub : **Submission of Annual Report 2020-21 under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Please find attached herewith the Annual Report for the financial year 2020-21 along with the Notice of 38<sup>th</sup> Annual General Meeting as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records.

Thanking you,

Yours faithfully,  
for Rico Auto Industries Limited

  
B.M. Jhamb  
Company Secretary  
FCS : 2446

Encl : As above



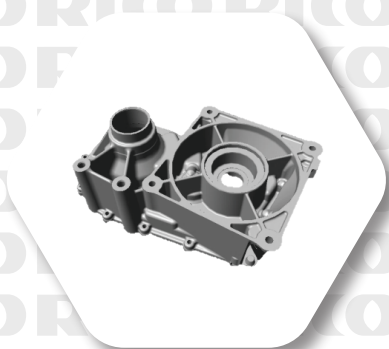
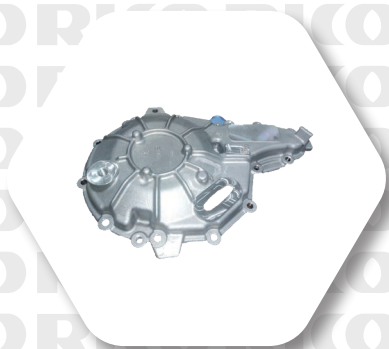
# RICO

**RELIABILITY  
INNOVATION  
COMPETITIVENESS  
GLOBALIZATION  
& FOCUS ON  
ELECTRIFICATION**

38<sup>th</sup> Annual Report 2020-21

**RICO** - Made in India with Pride

# (EV) Electric Vehicle Components for Motors & Transmissions



**Customers : BMW, STELLANTIS (PSA) & RENAULT**

# About Us

**RICO** is an established and reputed engineering group sharply focused on the automobile industry.

## Supplier to Global EV Market

We manufacture and supply world class high precision and fully machined components & assemblies - both Aluminum and Ferrous - to leading OEMs across the Globe for **Electric Vehicles, Electrified Vehicles and ICE Engines.**

Our multiple, flexible, fully integrated production facilities are equipped to offer complete spectrum of services from Designing to Development of Tools, Casting and Precision Machining and Assembly of Components. Thus making us a Preferred Supplier to the **EV & Hybrid Vehicle Market.**

RICO has earned a reputation of being a reliable source for the most complex components and assemblies. Our commitment to uncompromising quality and the highest standards of excellence is matched by our ability to engineer the most demanding products as well as our capability to deliver global volumes across the world to cater the increasing demand of **Electrification.**

The result of this exemplary service is the strong customer relationships we share with the most prestigious names in the National and International automotive industry. We have continued to remain a preferred supplier to these valued brands.

RICO has been supplier to the **EV Market** since 2019.

**Incorporated in 1983**

**Global Supplier of  
Automotive Components**

**Presence in 4 Continents**

**12  
Manufacturing Plants**

**Over 5000  
Employees**

**Strong  
in-house R&D Capabilities**

# Our Vision

**To be the preferred supplier to OEMs across the Globe.**

# Our Strategies

## **World Class Quality:**

ISO TS 16949, ISO 14001, OHSAS 18001, ISO 27001: 2013

## **Integrated Service - Concept to Delivery:**

Design, Development & Engineering Services, R&D, Testing & Validation, Special Purpose Machines with CNC Controls, Tooling & Prototyping, Casting (Aluminium & Ferrous), Machining & Assembly, Packaging & Logistics

## **Preferred Supplier:**

Customer Focussed Enterprise Efficient Account, Program & Launch Management and Focus on **Electrification**

## **People:**

Regular Training, Skill Building, Involvement & Empowerment and Leadership

## **Globalization:**

Global Teams, Global Presence & Scale

## **Shareholder Value:**

Focus on return on Capital Employed and Consistent Dividend Distribution

## Our People: Our Greatest Asset

**RICO** is proud of its people - dedicated, disciplined, hard-working, progressive and highly skilled in their respective roles. It is their abilities and potential which provide RICO with a vital competitive edge in our intensifying globalization phenomenon.

Each and every member of the RICO 'Parivar' understands the importance of personal responsibilities as well as of team-work. Besides, our continuous focus on comprehensive internal and external training ensures excellence in terms of knowledge, attitude and skills for higher productivity, product innovations and relationship development. We, on our part, value their useful suggestions and ideas, which are suitably rewarded and recognised.

92 percent employees have been vaccinated to protect against Covid.

## CSR Initiatives

We as RICO reiterate our continuing commitment to contribute to the economic development while improving the quality of life of the local community and society at large. We firmly believe that it is important to operate in the ways that lead to inclusive growth of Society, Economy and the Environment.

Our objective is to contribute towards societal growth by promoting education, hygiene & sanitation, preventive health care, and supporting the economically weaker section of the society on unnoticed health topics like Autism, HIV Aids, Cancer, TB etc.

We are constantly working on enhancing the environmental sustainability; promoting basic formal education and skill development to enhance the employability of youth in remote and rural areas.

Our engaged workforce has been voluntarily contributing in the campaigns like Tree Plantation, Preventive Health Care, Road Safety Awareness etc.

Covid-19 second wave severely impacted the healthcare system of our country. During these covid crisis, RICO has set-up the Covid Care Centre at Dharuhera, Rewari, Haryana having 60 bedded facility, expandable to 130 beds, equipped with 50 Oxygen Concentrators and continued to install Oxygen Generation Plant. RICO dedicated this Covid Care Centre to help the local communities, migrant workers of neighbouring industries and the local administration. The complete medical care, lab tests and medicines were provided free of charges by RICO Covid Care Centre.

Continuing our commitment to Society, Economy and Environment.....RICO!

# Financial Highlights

## Standalone

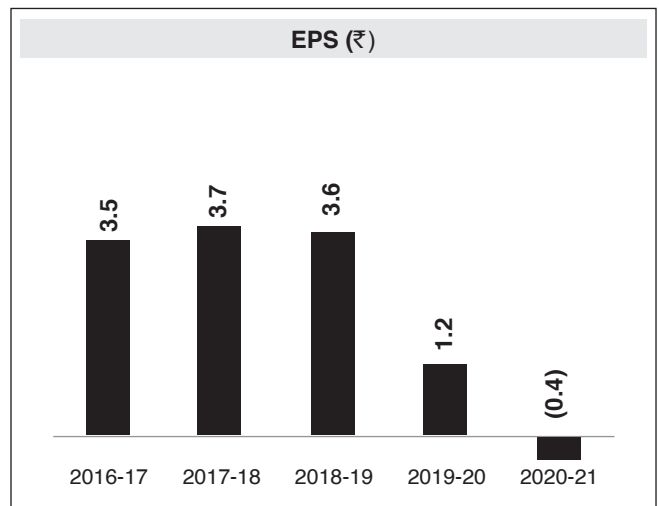
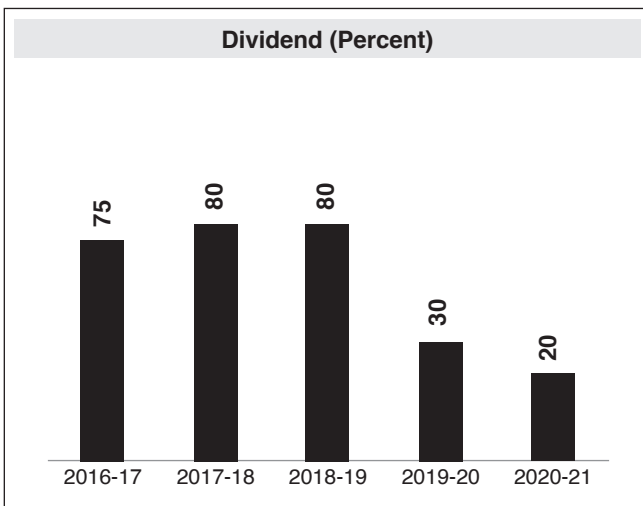
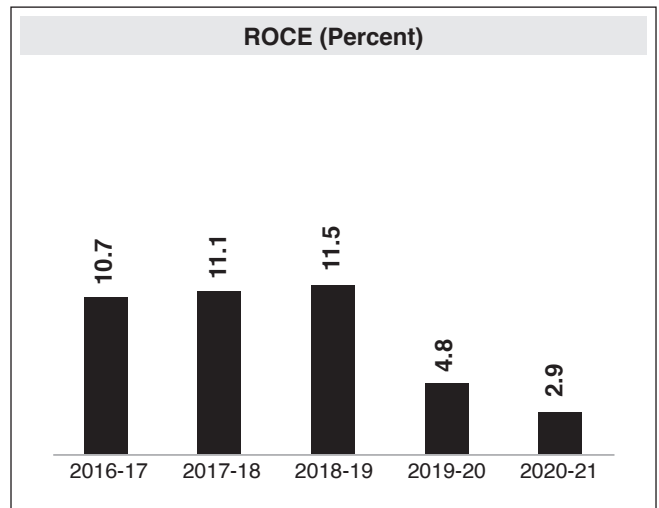
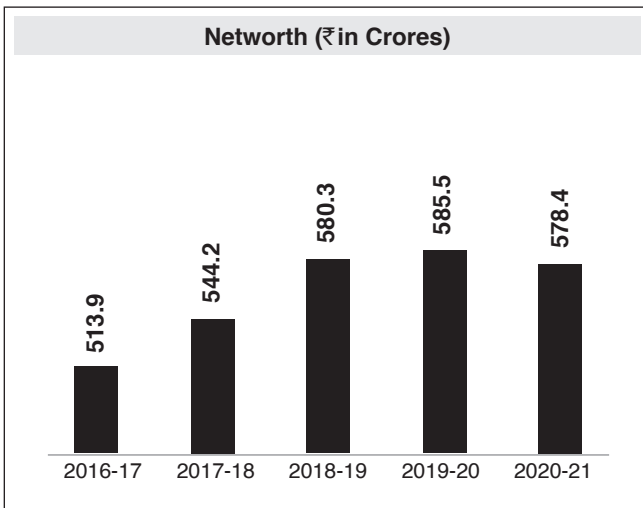
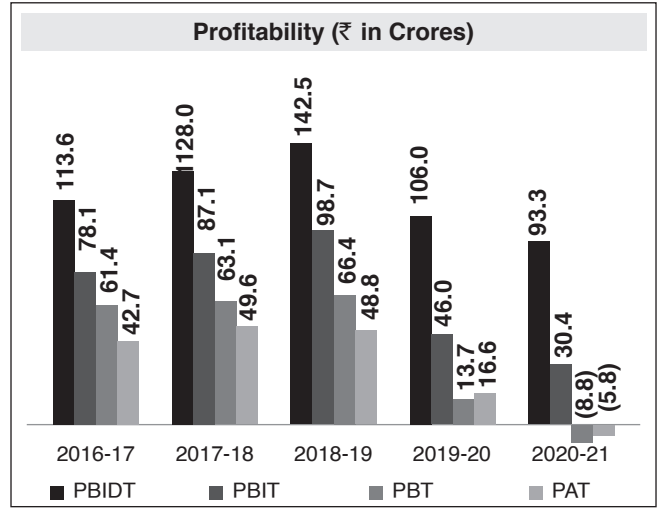
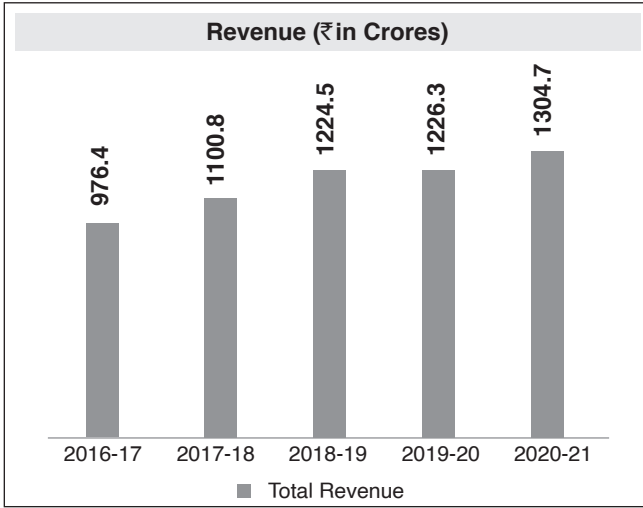
(₹ in Crores)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17@
<b>Total Revenue</b>	<b>1,304.7</b>	<b>1,226.3</b>	<b>1,224.5</b>	<b>1,100.8</b>	<b>976.4</b>
<b>PBIDT</b>	<b>93.3</b>	<b>106.0</b>	<b>142.5</b>	<b>128.0</b>	<b>113.6</b>
Depreciation	63.0	60.0	43.8	40.9	35.6
<b>PBIT</b>	<b>30.4</b>	<b>46.0</b>	<b>98.7</b>	<b>87.1</b>	<b>78.1</b>
Interest	35.0	27.2	23.1	17.2	16.0
<b>PBT</b>	<b>(8.8)</b>	<b>13.7</b>	<b>66.4</b>	<b>63.1</b>	<b>61.4</b>
Income Tax	(0.3)	2.2	14.0	14.2	11.1
Deferred Tax	(2.8)	(5.2)	3.6	(0.8)	2.6
<b>PAT</b>	<b>(5.8)</b>	<b>16.6</b>	<b>48.8</b>	<b>49.6</b>	<b>42.7</b>
Dividend (Including Tax)	4.1	5.7	12.3	18.7	1.6
Gross Fixed Assets (Incl. CWIP)	886.1	773.6	652.1	477.8	395.9
Net Fixed Assets (Incl. CWIP)	665.5	612.9	540.8	402.1	360.4
Net Current Assets*	238.8	179.5	173.5	185.7	185.7
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	564.9	572.0	566.8	530.7	500.4
Deferred Tax Liabilities	8.8	10.0	18.2	14.8	15.8
Total Loan Funds	501.0	406.1	339.6	253.7	230.4
<b>Key Ratios (%)</b>					
Operating Margin (PBIDT/Net Revenue)	7.2	8.6	11.6	11.6	11.6
ROCE (PBIT/Avg. Capital Employed)	2.9	4.8	11.5	11.1	10.7
RONW (PAT/Avg. Net Worth)	(1.0)	2.8	8.7	9.4	9.8
<b>Per Share Data (₹)</b>					
EPS	(0.4)	1.2	3.6	3.7	3.5
Cash EPS	4.2	5.7	6.9	6.7	6.2
Book Value	42.7	43.3	42.9	40.2	38.0
Dividend (%)	20	30	80	80	75
<b>Net worth</b>	<b>578.4</b>	<b>585.5</b>	<b>580.3</b>	<b>544.2</b>	<b>513.9</b>

\* Excluding short term borrowings and current maturities of long term bank borrowings.

@ Adjusted due to first time adoption of Ind AS.

# Standalone





# Financial Highlights

## Consolidated Group

(₹ in Crores)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17 @
<b>Total Revenue</b>	<b>1488.4</b>	<b>1423.8</b>	<b>1412.1</b>	<b>1225.5</b>	<b>1051.3</b>
Rico Auto Industries Limited	1304.7	1226.3	1224.5	1100.8	976.4
Rico Auto Industries Inc., USA	133.6	138.5	140.5	140.7	151.8
Rico Auto Industries (UK) Limited, UK	5.9	5.9	97.3	83.9	52.3
Rico Fluidtronics Limited **	53.9	80.9	-	-	-
Rico Jinfei Wheels Limited #	149.7	119.7	136.5	111.3	78.0
Rasa Autocom Limited	55.3	72.5	53.1	32.9	26.3
Rico Aluminium and Ferrous Auto Components Limited	171.6	193.6	253.5	241.6	248.5
Rico Investments Limited	4.7	5.9	5.9	4.9	4.9
AAN Engineering Industries Limited	9.1	2.0	4.2	4.1	3.7
Rico Friction Technologies Limited (formerly known as Metalart Friction Private Limited) \$	1.3	-	-	-	-
Less : Inter Company Sales	(401.3)	(421.5)	(503.4)	(494.7)	(490.5)
<b>Rico Group Consolidated</b>	<b>1488.4</b>	<b>1423.8</b>	<b>1412.1</b>	<b>1225.5</b>	<b>1051.3</b>
PBIDT	107.1	136.5	166.2	150.2	127.7
PBIT	27.1	56.9	108.5	96.3	81.4
PBT	(15.9)	18.9	72.1	70.1	63.4
PAT	(14.1)	16.7	51.0	58.0	51.7
Gross Fixed Assets (Incl. CWIP)	1,070.7	967.3	832.3	614.1	518.5
Net Fixed Assets (Incl. CWIP)	782.0	754.9	685.4	515.2	472.4
Net Current Assets*	287.9	221.0	248.3	237.6	202.8
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	592.3	607.5	602.5	549.7	510.2
Deferred Tax (Assets) / Liabilities	(3.5)	(1.2)	7.4	3.3	7.4
Total Loan Funds	541.6	417.8	378.8	271.9	235.8
<b>Key Ratios (%)</b>					
Operating Margin (PBIDT/Net Revenue)	7.2	9.6	11.8	12.3	12.1
ROCE (PBIT/Avg. Capital Employed)	2.5	5.6	11.9	12.0	11.0
RONW (PAT/Avg. Net Worth)	(2.3)	2.7	8.7	10.7	10.4
<b>Per Share Data (₹)</b>					
EPS	(1.1)	1.2	3.7	4.3	3.8
Cash EPS	4.9	7.1	8.0	7.8	7.3
<b>Net worth</b>	<b>605.8</b>	<b>621.0</b>	<b>616.0</b>	<b>563.3</b>	<b>523.7</b>

\* Excluding short term borrowings and current maturities of long term bank borrowing.

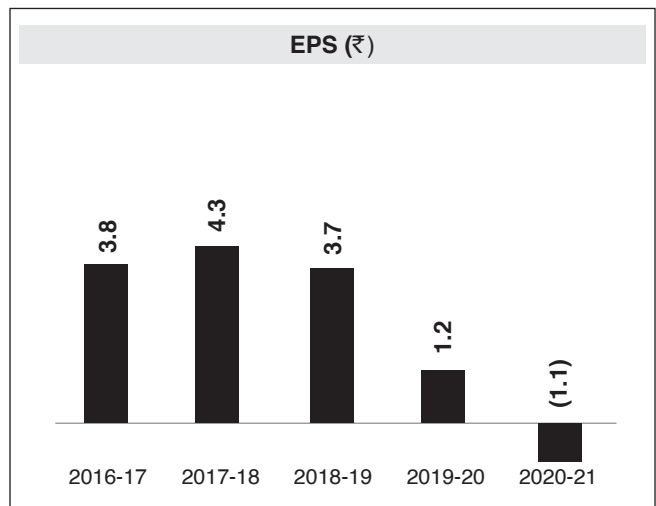
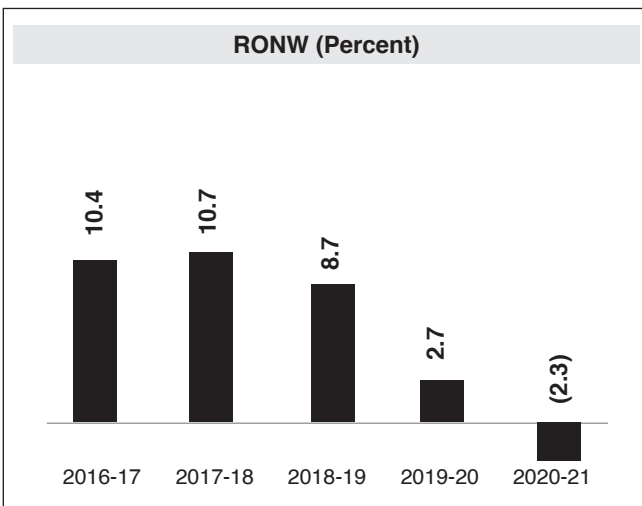
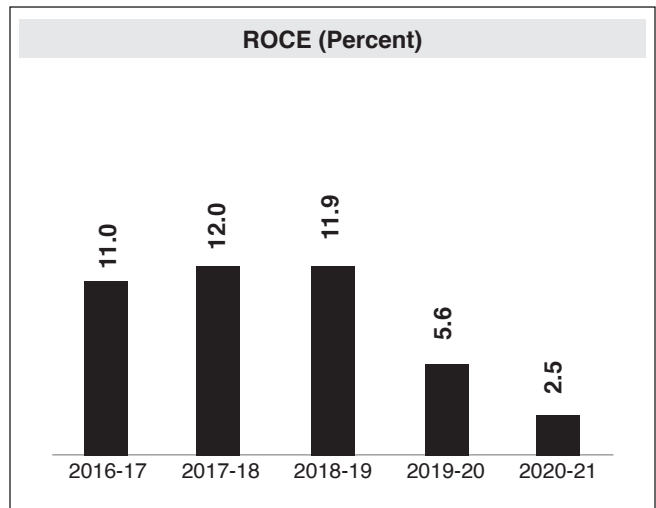
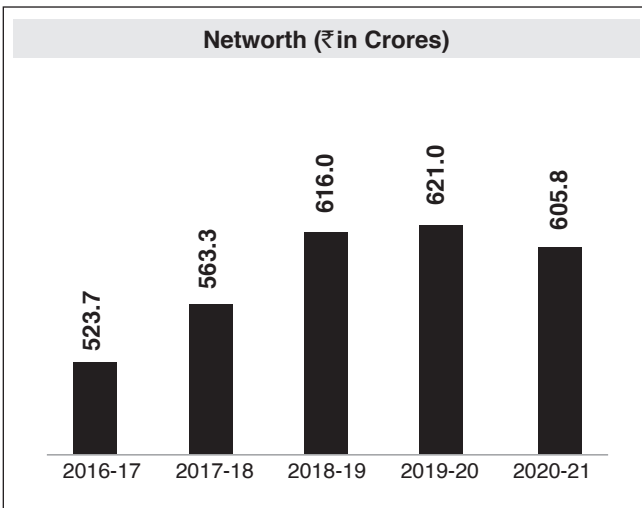
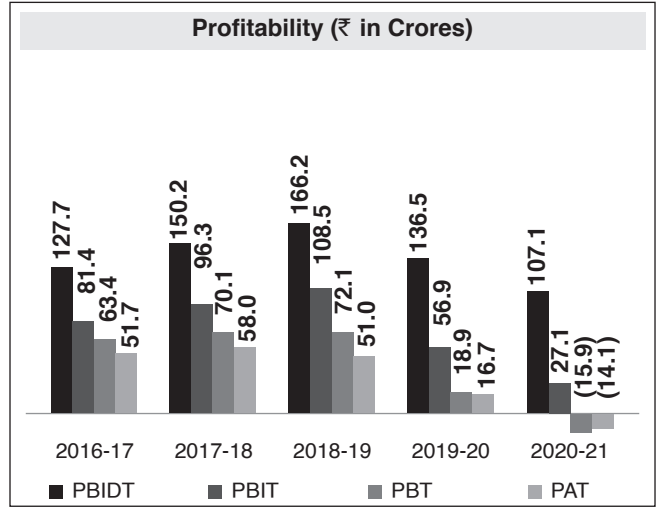
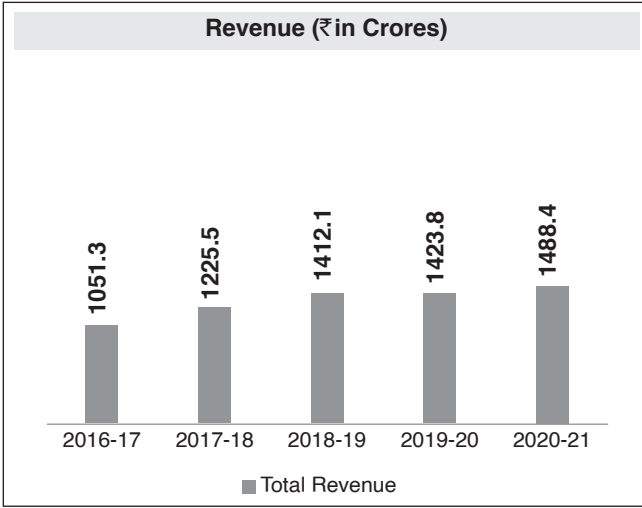
\*\* 50% Joint Venture till 29th March, 2019.

# Rico Auto through its subsidiaries holds 94.79 %.

\$ 70% subsidiary w.e.f. 30th December, 2020.

@ Adjusted due to first time adoption of Ind AS.

# Consolidated Group





## From the Chairman's Desk

### Dear Shareholders,

FY2021 was an unprecedented year. The challenging period tested our collective mettle in more ways than one. As the COVID-19 pandemic raged across the globe, in India we were hit by the ferocious wave, causing a scale of suffering that was unparalleled. Additionally, we had to deal with a lockdown that disrupted economic activity across sectors.

The resurgence of the virus and economic damage added uncertainty to India's growth forecast. Moody's Investor service went on to slash India's growth projection to 9.6 per cent for 2021 from its earlier estimate of 13.9 per cent. Prior to this, the Indian economy was seen to contract by 7.3 per cent in fiscal 2020-21, as against a 4 per cent growth in 2019-20.

The automobile industry, which was already facing headwinds of a slowing economy, was brought to a standstill with the nationwide lockdown in April 2020. According to inputs from the Society of Indian Automobile Manufacturers, the automotive industry witnessed a year-on-year sales decline of over 13 percent in FY 2020-21. In fact, a deep structural slowdown in the industry even before the pandemic, combined with the impact of COVID-19 in 2020-21, has pushed all segments of the automotive industry back by several years.

Despite the testing macro-economic conditions, the resilient performance of your company is reflected in the improvement of its consolidated revenues by 4.5% to Rs.1488 crores with a positive cash flow of Rs.13.9 crores. Among other things, during the pandemic, in order to meet our commitment to our customers, we have had to send consignments by air. The cost of this premium air freight has impacted the bottom line of the company. However, we have partially recovered and are having ongoing discussions with our customers for more. Despite Covid & the Lockdown we stood by our commitment to the customers which was foremost.

Headwinds notwithstanding, your Company is charting out a disciplined path towards a robust and resilient future. Our key focus areas are securing the safety of our people along with securing the health of the business. To navigate the crisis and shifting seamlessly to a 'new normal', your Company is focusing on reimagining its organizational structure and operations, increasing focus on digital channels, optimizing asset deployment, embracing zero-based budgeting and building a resilient supply chain. We have been unflinchingly working on enhancing technologies and digitization and offering best-in-class products that will go a long way in improving our customer experience and help in building a bold tomorrow. Our expansion plans are already underway with our acquisition of 70% stake in Rico Friction Technologies Limited, which manufactures friction material for clutches and other applications.

Going forward we are optimistic about the growth in the macro economy fuelled by the progress of the nationwide vaccination drive. The Union Budget of 2021 also took several pioneering steps, among them the scrapping of the retrospective tax to incentivize investment inflow to boost economic growth as also to give a stable climate for more investments in India. Speaking of the automobile sector in particular, the shift to the BS-VI standard in FY21 has opened significant opportunities, as has the Government's announcement of the vehicle scrappage policy. Your Company is well-poised to reap the benefits of the V-shaped recovery of the economy.

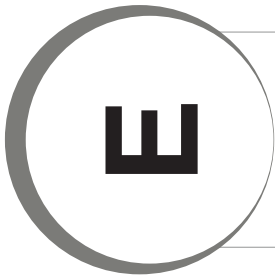
We are increasingly focused on **EV & Electrified Vehicles**. We have been engaged & supplying to the most Prestigious Companies in Europe & India for their EV requirement over for 4 years.

On behalf of the Board of Directors, I would take this opportunity to thank our valued customers and business associates for continuing to believe in our vision and work. I would also like to extend a special token of appreciation to all our employees and their families for their profound contribution in these challenging times and for actively working on the path to success.

We solicit your support in our future endeavors. Stay Safe.

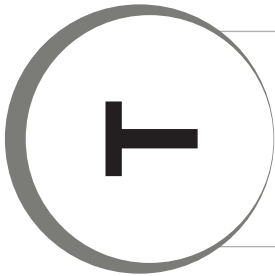
**Arvind Kapur**  
*Chairman, CEO & Managing Director*

**RICO** Core Value



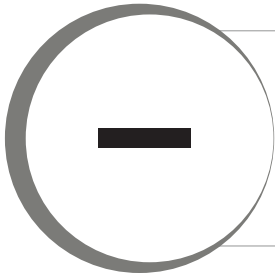
**ENTREPRENEURSHIP**

The power of perusing new challenges with speed, flexibility and ownership



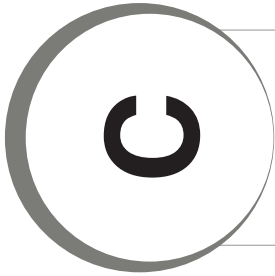
**TEAMWORK**

The power of working together



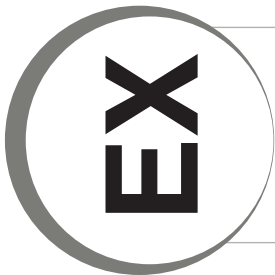
**INTEGRITY**

The power of honesty and transparency



**COMMITMENT**

The power of responsibility, accountability and ownership



**EXCELLENCE**

The power of being the best

# Key Milestones

2020-21	<ul style="list-style-type: none"> <li>Acquired 70% shareholding of Rico Friction Technologies Limited (formerly Matalart Friction Private Limited) consequently it became Subsidiary Company. This company manufactures Friction materials for Clutches and other applications</li> <li>Acquired 26% shareholding of M/s. Roop Ram Industries Private Limited to procure cost effective supply of Solar Power</li> </ul>	
2019-20	<ul style="list-style-type: none"> <li>Acquired shares of Magna Powertrain GMBH, Joint Venture Partner jointly with stepdown subsidiary Rasa Autocom Limited and renamed to Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited) &amp; thus became the Subsidiary Company</li> <li>Added new Plant at Halol (Gujarat) &amp; production started</li> </ul>	
2015-18	<ul style="list-style-type: none"> <li>Initiated After Market Business</li> <li>Added new Facilities/Plants at Bawal, Pathredi &amp; Chennai - IATF 16949</li> <li>Added Customers - Bentley, PSA, Daimler, Kia, Punch Powertrain</li> <li>NABL Accreditation of Rico Calibration and Testing Labs</li> </ul>	<b>VDA 6.3 CAT SQEP Silver</b>
2010-14	<ul style="list-style-type: none"> <li>Added new Facilities/Plants at Bhiwadi, Sanand, Haridwar &amp; Manesar</li> <li>Added Customers - Musashi, GKN, Toyota, VW, Kohler, Avtec</li> <li>Sold stake in JV company namely FCC Rico</li> </ul>	<b>GM QSB</b>
2007-09	<ul style="list-style-type: none"> <li>JV with Magna Powertrain (Oil Pump, Water Pump)</li> <li>JV with Jinfei China (Aluminium Alloy Wheels - 2 Wheelers)</li> <li>Added Customers - JATCO, Magna, Renault, BMW</li> </ul>	<b>FORD Q1 CAT SQEP-Bronze</b>
2003-06	<ul style="list-style-type: none"> <li>R&amp;D Center Started</li> <li>Added Customers - NISSAN, TATA (Small Car Project), Perkins</li> <li>Enhanced Ferrous and Aluminium Capacity</li> <li>Added Customers - GM, Caterpillar, Honeywell, Detroit Diesel, Volvo</li> </ul>	
2000-02	<ul style="list-style-type: none"> <li>Full Service Engineering Design Development Capability</li> <li>Added Customers - FORD, Land Rover, Jaguar</li> </ul>	<b>TS 16949, ISO 14001 OHSAS 18001</b>
1999-00	<ul style="list-style-type: none"> <li>Expansion of Aluminium Die Casting &amp; Machining (Gurugram)</li> </ul>	<b>QS 9000</b>
1994-96	<ul style="list-style-type: none"> <li>JV (50:50) FCC RICO (Clutch Assembly)</li> <li>Started Exports - GM, Eaton, Cummins</li> </ul>	
1990-92	<ul style="list-style-type: none"> <li>International Market OEM Supplier - MEC Japan</li> <li>New Plant for Ferrous Casting &amp; Machining (Gurugram) Focus - Maruti Suzuki</li> </ul>	<b>ISO 9000</b>
1985-86	<ul style="list-style-type: none"> <li>Technical Collaboration with FCC Japan for clutches</li> <li>Commercial Production Started (1986)</li> <li>Aluminium Die Casting &amp; Machining (Dharuhera) Focus - Hero Honda &amp; Maruti Suzuki</li> </ul>	

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# Team & Corporate Information

## Board of Directors

Arvind Kapur	<i>Chairman, CEO &amp; MD</i>
Kanwal Monga	<i>Independent Director</i>
Amarjit Chopra	<i>Independent Director</i>
Dr. Ashok Seth	<i>Independent Director</i>
Satish Sekhri	<i>Independent Director</i>
Rajeev Kapoor	<i>Independent Director</i>
Vinod Kumar Nagar	<i>Independent Director</i>
Sarita Kapur	<i>Independent Director</i>
Upasna Kapur	<i>Non-Executive Director</i>
Arun Kapur	<i>Joint Managing Director</i>

## Rico Executive Committee (REC)

Surendra Singh  
 Kaushalendra Verma  
 R K Miglani  
 Rakesh Kumar Sharma  
 M K Jain  
 R Dharna  
 Sandeep Rajpal  
 Abhishek Kulshrestha  
 Sachinder Kaul

## Advisors

O P Aggarwal  
 N K Sethi

## Chief Financial Officer

Rakesh Kumar Sharma

## Company Secretary

B M Jhamb  
 FCS No. 2446

## Bankers (in alphabetical order)

Axis Bank Limited  
 Bajaj Finance Limited  
 HDFC Bank Limited  
 IndusInd Bank Limited  
 Kotak Mahindra Bank Limited  
 RBL Bank Limited  
 State Bank of India  
 Yes Bank Limited

## Auditors

Walker Chandiook & Co LLP  
 Chartered Accountants  
 New Delhi, India

## Registered & Corporate Office

38 KM Stone, Delhi-Jaipur Highway  
 Gurugram - 122001, Haryana, India  
 CIN : L34300HR1983PLC023187  
 website: [www.ricoauto.in](http://www.ricoauto.in)

## Registrar & Transfer Agent

MCS Share Transfer Agent Limited  
 F-65, Okhla Industrial Area, Phase I  
 New Delhi - 110020, India

**RICO AUTO INDUSTRIES LIMITED**

CIN: L34300HR1983PLC023187

Regd. & Corp. Office: 38 KM Stone, Delhi-Jaipur Highway, Gurugram - 122001, Haryana  
 Tel: +91 124 2824000, Fax: +91 124 2824200, E-mail: cs@ricoauto.in, Website: www.ricoauto.in

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 38<sup>th</sup> ANNUAL GENERAL MEETING of the Members of RICO AUTO INDUSTRIES LIMITED will be held on Thursday, the 30<sup>th</sup> day of September, 2021 at 12.00 Noon through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt:
  - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021 including the Reports of Directors' and Auditors' thereon; and
  - b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021 including the Reports of Auditors' thereon.
2. To declare dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2021. The Board has recommended 20 per cent Dividend i.e. ₹0.20 (Twenty paise) per Equity Share of ₹1/- each.
3. To appoint a Director in place of Shri Arun Kapur (DIN: 00100270), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS****4. Ratification of Remuneration payable to Cost Auditors**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"Resolved that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the total remuneration of ₹1.50 lakhs (Rupees One lakh fifty thousand only) plus applicable taxes payable to M/s. MM & Associates, Cost Accountants (Firm Registration No. 000454), appointed by the Board of Directors of the Company, for carrying out Cost Audit of the Company be and is hereby ratified for the financial year 2021-22."

"Resolved further that the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board  
for **Rico Auto Industries Limited**

Place : Gurugram  
Date : August 13, 2021

**B.M. Jhamb**  
Company Secretary  
FCS No. 2446

**NOTES:**

1. In view of the continuing Covid-19 Pandemic, the Ministry of Corporate Affairs ("MCA") has vide its general circular dated 13<sup>th</sup> January, 2021 read with general circulars dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 (collectively referred to as "MCA Circulars") and SEBI vide its circular dated 15<sup>th</sup> January, 2021 read with circular dated 12<sup>th</sup> May, 2020 permitted to hold the Annual General Meeting ("AGM") through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2021, without the physical presence of Members at a common venue. Accordingly, in compliance with the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the AGM of the Company is being held through VC/OAVM on Thursday, the 30<sup>th</sup> day of September, 2021 at 12.00 Noon (IST). The deemed venue of the AGM shall be the Registered Office of the Company.
2. Since this AGM will be conducted through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Representatives of the Corporate Members may be appointed for the purpose of voting through remote e-voting, for participation in the 38<sup>th</sup> AGM through VC/OAVM Facility and e-voting during the AGM. Corporate Members intending to attend the AGM are required to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at this AGM by e-mail at kks445@gmail.com or cs@ricoauto.in
4. Quorum will be counted as one vote for every Client Id/Folio Number irrespective of the number of joint holders.
5. Attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. The Director seeking re-appointment is not debarred from holding the Office of Director pursuant to any SEBI Order. The information/details as required by the Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings in respect of Director seeking re-appointment at ensuing 38<sup>th</sup> AGM are given in Annexure-A.
7. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, concerning the Special Business in the Notice is annexed and forms part of this Notice.



8. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned elsewhere in the Notice.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from 24<sup>th</sup> September, 2021 to 30<sup>th</sup> September, 2021 (both days inclusive).
10. Dividend as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2021, when declared at the AGM, will be paid:
  - a) to those Members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before 23<sup>rd</sup> September, 2021; and
  - b) in respect of shares held in electronic form, to those Beneficial Owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 23<sup>rd</sup> September, 2021.
11. Pursuant to the Income Tax Act, 1961 read with the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates, for various categories. The shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/Registrar and Transfer Agent (in case of shares held in physical mode) and Depositories (in case of shares held in demat mode).
12. The SEBI vide its circular dated 20<sup>th</sup> April, 2018 has mandated all Companies to credit the dividends electronically to the Member's Bank Account. Members holding shares in physical form, who have not yet forwarded their bank details are requested to furnish a copy of original cancelled cheque leaf/attested bank passbook showing name of the account holder and other details viz. Account No., IFS Code and MICR Code to the Company/Registrar & Share Transfer Agent (RTA) of the Company. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their Bank Particulars & Bank Mandates, nomination details and address to their Depository Participant (DP).
13. a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 (the Act), the amount of dividend which remains unpaid/unclaimed for a period of 7 years is required to be transferred to the "Investor Education and Protection Fund" (IEPF). As such, Member(s) who have not yet encashed their dividend are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company from the financial year 2013-14 or any subsequent financial years. It may be noted that once the unclaimed dividend is transferred, on the expiry of seven years, to the IEPF, as stated herein, no claim shall lie against the Company in respect thereof.

The dividend will be paid, subject to deduction of tax at source, within 30 days from the date of declaration.

11. Pursuant to the Income Tax Act, 1961 read with the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates, for various categories. The shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/Registrar and Transfer Agent (in case of shares held in physical mode) and Depositories (in case of shares held in demat mode).

Resident individual shareholders who are not liable to pay income tax can submit a yearly declaration in Form No.15G/15H along with a self-attested copy of their Permanent Account Number (PAN) card, to avail the benefit of non-deduction of tax at source by sending to the Company at [cs@ricoauto.in](mailto:cs@ricoauto.in) by 23<sup>rd</sup> September, 2021 up to 5.00 P.M. (IST). Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20 per cent. Further, no TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to resident individual shareholder does not exceed ₹5,000/- (Rupees Five thousand only).

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. The aforesaid declarations and documents are required to be sent to Company at [cs@ricoauto.in](mailto:cs@ricoauto.in) by 23<sup>rd</sup> September, 2021 up to 5.00 P.M. (IST). Further, TDS will be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the Income-tax Act, 1961, if such valid certificate is provided.

For details, members may refer to "Communication on TDS on Dividend Distribution" appended to this Notice of 38<sup>th</sup> AGM.

13. a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 (the Act), the amount of dividend which remains unpaid/unclaimed for a period of 7 years is required to be transferred to the "Investor Education and Protection Fund" (IEPF). As such, Member(s) who have not yet encashed their dividend are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company from the financial year 2013-14 or any subsequent financial years. It may be noted that once the unclaimed dividend is transferred, on the expiry of seven years, to the IEPF, as stated herein, no claim shall lie against the Company in respect thereof.
- b) Pursuant to Rule 5(8) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your Company has uploaded the details of amount of Dividend lying unclaimed/un-encashed as on 31<sup>st</sup> March, 2020, on the website of MCA as well as on its own website: <https://www.ricoauto.in/investor-relation.html>
- c) Attention is drawn to the provisions of Section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 which require a Company to transfer all shares in respect of which dividends has not been paid or claimed for 7 (seven) consecutive years or more to the DEMAT Account of IEPF Authority.

Accordingly, the Company during the financial year 2020-21 had transferred 559961 shares pertaining to the financial year 2012-13 to the IEPF Authority within the stipulated time period.

The Company has uploaded details of shares transferred to IEPF Authority on the website of the IEPF Authority viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company at <https://www.ricoauto.in/investor-relation.html>. Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back by following the required procedure given on the website of the IEPF Authority <http://www.iepf.gov.in/IEPF/refund.html>.

Further, all the shareholders who have not claimed/ encashed their dividends in the last seven consecutive years from 2014 are requested to claim the same. The concerned Members are requested to verify the details of their unclaimed amounts, if any, from the website of

the Company and IEPF and write to the Company or the Company's Registrar before the same becoming due for transfer to the IEPF Authority. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF Authority.

14. Members must quote their Folio No./DP ID/Client Id No. and contact details such as e-mail Id, Mobile No./Phone No. etc. in all correspondence with the Company/RTA. Members are also requested to notify change in their contact details, if any.
15. As per the Circulars issued by the Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer, transmission or transposition of shares in physical form. Therefore, the Members are requested to furnish a self-attested copy of their PAN Card to the Company/RTA.
16. Members may further note that in order to curb the malpractices related to physical share transfers, SEBI vide its Notification dated 8<sup>th</sup> June, 2018 and Press Releases dated 3<sup>rd</sup> December, 2018 and 27<sup>th</sup> March, 2019 has restricted all the Listed Companies from undertaking any physical transfers of the securities w.e.f. 1<sup>st</sup> April, 2019 and thereafter, only dematerialized securities will be allowed to be transferred. However, transmission or transposition of the securities will continue to be accepted in physical form. Members are requested to kindly get your shareholding converted into Dematerialized Form to eliminate the risk associated with the physical share certificates. In case you do not have any demat account, you may contact nearest Depository Participant (DP) who will guide you in opening the same.
17. All the documents referred in the Notice and the Explanatory Statement shall be available for inspection through electronic mode. All shareholders will be able to inspect all documents referred to in the Notice electronically without any fee from the date of circulation of this Notice up to the date of AGM. Members seeking inspection of such documents can send an e-mail to cs@ricoauto.in.
18. The extract of the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection during the AGM upon login to NSDL e-voting system at www.evoting.nsdl.com.
19. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies, the Notice of the 38<sup>th</sup> AGM and the Annual Report including the Audited Financial Statements for the financial year 2020-21 are being sent only through electronic mode to all Members holding shares in demat mode whose e-mail Ids are available with the Depository Participant(s) and to all Members holding shares in physical mode whose e-mail Ids are registered with the Company/RTA for communication purposes. Members who have not registered their e-mail Ids, are requested to register their e-mail Id for receipt of the aforesaid documents in electronic mode only.
20. In line with the MCA Circulars and SEBI Circular, the Notice of 38<sup>th</sup> AGM and the Annual Report including the Audited Financial Statements for the financial year 2020-21 will also be available on the website of the Company at <https://www.ricoauto.in/investor-relation.html>. The same can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also on the website of NSDL at www.evoting.nsdl.com.
21. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended to date, and the Circulars issued by the MCA and SEBI, the Company is pleased to provide to its Members, a facility to exercise their right to vote on resolutions proposed to be considered and passed at the ensuing 38<sup>th</sup> AGM by electronic means and the business may be transacted through remote e-voting services. The facility of casting vote by the Members using an electronic voting system ("remote e-voting") will be provided by NSDL as detailed hereunder:
  - A) The remote e-voting period commences on Monday, 27<sup>th</sup> September, 2021 (9.00 a.m. IST) and ends on Wednesday, 29<sup>th</sup> September, 2021 (5.00 p.m. IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Thursday, 23<sup>rd</sup> September, 2021, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - B) The facility for electronic voting system, shall also be made available at the 38<sup>th</sup> AGM. The Members attending the AGM, who have not cast their votes through remote e-voting, shall be able to exercise their voting rights at the AGM. The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the AGM.
  - C) The Member(s) who receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/RTA/Depository) is advised to take the following steps for casting his/her vote by remote e-voting:
 

The process and manner for remote e-voting are as under:

**How to cast vote electronically using NSDL e-voting system?**


The way to cast vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-voting system**  
<https://www.evoting.nsdl.com>

**A) Login method for e-voting for Individual shareholders holding securities in demat mode:**

In terms of SEBI circular dated 9<sup>th</sup> December, 2020 on e-voting facility provided by the Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail Id in their demat accounts in order to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>“Beneficial Owner”</b> icon under <b>“Login”</b> which is available under ‘IDeAS’ section, this will prompt you to enter your existing User Id and Password. After successful authentication, you will be able to see e-voting services under value added services. Click on <b>“Access to e-voting”</b> under e-voting services and you will be able to see e-voting page. Click on Company name or <b>e-voting service provider i.e. NSDL</b> and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/ideasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/ideasDirectReg.jsp</a></li> <li>Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com">https://www.evoting.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You have to enter your User Id (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speed-e” facility by scanning the QR code mentioned below for seamless voting experience. <b>NSDL Mobile App is available on</b>   </li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi/Easiest, they can login through their user Id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on <b>New System Myeasi</b>.</li> </ol>

Type of Shareholders	Login Method
	<ol style="list-style-type: none"> <li>After successful login of Easi/Easiest the user will be also able to see the e-voting Menu. The Menu will have links of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; E-mail as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on Company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.

**Important note:** Members who are unable to retrieve User Id/ Password are advised to use Forget User Id and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990</b> and <b>1800 22 44 30</b>
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022- 23058738</b> or <b>022-23058542-43</b>

**B) Login Method for e-voting shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:**

**How to Login to NSDL e-voting website?:**

- Visit the e-voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsd.com> either on a personal computer or on a mobile.
- Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholders/Member’ section.

- III. A new screen will open. You have to enter your User Id, Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can login at <https://e-services.nsd.com> with your existing IDeAS login. Once you login to NSDL e-services after using your login credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

- IV. Your User Id details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User Id is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP Id followed by 8 Digit Client Id For example if your DP Id is IN300*** and Client Id is 12***** then your user Id is IN300***12*****.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary Id For example if your Beneficiary Id is 12***** then your user Id is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example if folio number is 001*** and EVEN is 118107 then user Id is 118107001***.

- V. Your password details are given below:

- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your e-mail Id is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail Id. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a pdf file. The password to open the pdf file is your 8-digit client Id for NSDL account, last 8 digits of client Id for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User Id' and your 'Initial Password'.
  - The Member(s) whose e-mail Id is not registered with the Company/Depository Participants, and they are not having their user Id and password, may obtain a login Id and password for casting his/her vote by remote e-voting by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or by contacting NSDL at the toll free no. 1800-222-990 mentioning their Demat Account No./Folio No.

- VI. If you are unable to retrieve or have not received the "Initial Password" or have forgotten your password:

- Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

- VII. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

- VIII. Now, you have to click on "Login" button.

- IX. After you click on the "Login" button, Home page of e-voting will open.

**Step 2: Cast your vote electronically on NSDL e-voting system:**

**How to cast your vote electronically on NSDL e-voting system?**

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN" of **Rico Auto Industries Limited** which is 118107. Now you are ready for e-voting as the voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for Shareholders:**

- Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) are requested to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote and attend the AGM, to the Scrutinizer through e-mail at [kks445@gmail.com](mailto:kks445@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) to reset the password.

- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose e-mail Ids are not registered with the depositories/company for procuring user Id and password and registration of e-mail Ids for e-voting for the resolutions set out in this notice:**

- I. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to [cs@ricoauto.in](mailto:cs@ricoauto.in).
- II. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary Id), Name, client master or copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cs@ricoauto.in](mailto:cs@ricoauto.in). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-voting for Individual shareholders holding securities in demat mode.
- III. Alternatively, shareholders/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

**Instructions for e-voting on the day of the AGM are as under:**

- I. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting
- II. Only those shareholders/members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
- III. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- IV. In case of any grievances connected with the facility for e-voting on the day of AGM, members may use the contact details as mentioned above for remote e-voting

**Instructions for Members attending the AGM through VC/OAVM are as under:**

- I. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholders/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User Id and Password for e-voting or have forgotten the User Id and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-voting system of NSDL.
- II. Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good

speed to avoid any disturbance during the meeting.

- III. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- IV. Shareholders who would like to express their views/ask questions during the meeting will be required to register themselves as speaker by sending their request from their registered e-mail Id, mentioning their name, DP ID and Client Id/Folio Number, Mobile Number etc. at [cs@ricoauto.in](mailto:cs@ricoauto.in) by 23<sup>rd</sup> September, 2021.
- V. Only those Shareholders who have registered themselves as speaker by 5.00 PM on 23<sup>rd</sup> September, 2021 will be able to speak at the meeting depending on availability of time.
- VI. Further, Shareholders who would like to have their questions/queries responded during the AGM are requested to send such questions/queries in advance within the aforesaid date and time, by following similar process as stated above.
- D) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital in the Company as on cut-off date i.e. Thursday, 23<sup>rd</sup> September, 2021.
- E) A person, who acquire shares of the Company and become Member of the Company after the Company sends the Notice of 38<sup>th</sup> AGM by e-mail and holds shares on cut-off date i.e. Thursday, 23<sup>rd</sup> September, 2021 may obtain login Id and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- F) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through e-voting.
- G) The e-voting process shall be conducted and scrutinized and report thereon will be prepared in accordance with the provisions of Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.
- H) Shri K.K. Sachdeva, of M/s. K.K. Sachdeva & Associates, Company Secretaries (CP No.4721, FCS No.7153), has been appointed by the Board of Directors of the Company as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- I) The Chairman shall, at the AGM, at the end of discussion on the resolutions allow e-voting, for all those Members who are participating in the AGM but have not cast their votes through the remote e-voting facility.
- J) The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, unblock the votes cast through remote e-voting in presence of 2 (two) witnesses, who are not in employment of the Company and shall make, within two working days of the conclusion of the AGM, a Consolidated Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company <https://www.ricoauto.in/investor-relation.html> and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and the same shall be communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**
**Item No.4**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Board, based on the recommendation of the Audit Committee, at its meeting held on 13<sup>th</sup> August, 2021, has approved the appointment of M/s. MM & Associates, Cost Accountants (Firm Registration No. 000454) in place of M/s. J. K. Kabra & Co., Cost Accountants (Firm Registration No. 000009), as the Cost Auditors of the Company for carrying out Cost Audit of the Company for the financial year 2021-22 on a total remuneration of ₹1.50 lakhs (Rupees One lakh fifty thousand only) plus applicable tax. The remuneration payable to the Cost Auditors is required to be ratified by the Shareholders in accordance with the provisions of the Act and Rules made thereunder. Accordingly, the consent of the Members is

being sought for ratification of the remuneration payable to Cost Auditors for the financial year 2021-22.

None of the Directors and Key Managerial Personnel of the Company or their relatives, is concerned or interested, financially or otherwise, in the proposed resolution.

The Board, therefore, recommends the Ordinary Resolution as set out at Item No.4 for your approval.

By Order of the Board  
for **Rico Auto Industries Limited**

**B.M. Jhamb**

Company Secretary  
FCS No. 2446

Place : Gurugram  
Date : August 13, 2021

**Annexure-A**
**Disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings**

<b>Name of the Director</b>	Shri Arun Kapur
<b>DIN</b>	00100270
<b>Date of Birth</b>	14 <sup>th</sup> February, 1954
<b>Date of First Appointment on the Board</b>	10 <sup>th</sup> March, 1983
<b>Qualifications</b>	B.A.
<b>Expertise in Specific Functional Area</b>	He has vast experience of more than four decade in Engineering Industry particularly in marketing, export and administration.
<b>Terms and Conditions of Re-appointment</b>	In terms of Section 152(6) of the Companies Act, 2013, Shri Arun Kapur who was re-appointed as Joint Managing Director at 37 <sup>th</sup> Annual General Meeting held on 12 <sup>th</sup> November, 2020 is liable to retire by rotation.
<b>List of Directorships in other Companies</b>	1. Rico Castings Limited 2. Meraki Manufacturing and Finvest Advisors Private Limited
<b>Chairman/Member of the Committee of the Board of Directors of Public Companies</b>	1. Rico Auto Industries Limited Member of: i) Corporate Social Responsibility Committee ii) Share Transfer Committee iii) Stakeholders Relationship Committee iv) Finance Committee  2. Rico Castings Limited Chairman of: i) Audit Committee ii) Nomination & Remuneration Committee
<b>Shareholding in the Company</b>	87,70,849 (6.48%) Equity Shares of ₹1/- each
<b>Remuneration Last drawn (During the year 2020-21)</b>	₹29.65 lakhs
<b>Remuneration to be Paid (During the year 2021-22)</b>	As per existing approved terms of appointment.
<b>Relation with other Directors/Key Managerial Personnel of the Company</b>	Shri Arun Kapur is brother of Shri Arvind Kapur. He is not related to any other Director/Key Managerial Personnel.
<b>No. of Board Meetings Held/Attended during the year 2020-21</b>	4/4

(Refer Note 11 of the Notice of 38<sup>th</sup> AGM)

## COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION

As you may be aware that with effect from 1<sup>st</sup> April, 2020, Dividend Distribution Tax u/s 115-O of the Income-tax Act, 1961 ("the IT Act") payable by domestic Companies on declaration of dividend has been abolished. Pursuant to this amendment and certain consequential amendments brought vide Finance Act, 2020, the Company would be under an obligation to deduct tax at source ("TDS") in accordance with the provisions of the IT Act, from dividend distributed on or after 1<sup>st</sup> April, 2020.

Please take note of the below TDS provisions and information/document requirements for each Shareholder:

### Section 1: For all Members - Details that should be completed and/or updated, as applicable.

**All Members are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Company, by 23<sup>rd</sup> September, 2021. Please note that these details as available on Book Closure Date will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:**

- I. Valid Permanent Account Number (PAN)
- II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2021-22
- III. Category of the Member:
  - i. Mutual Fund
  - ii. Insurance Company
  - iii. Alternate Investment Fund (AIF) Category I and II
  - iv. AIF Category III
  - v. Government (Central/State Government)
  - vi. Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company
  - vii. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
  - viii. Individual
  - ix. Hindu Undivided Family (HUF)
  - x. Firm
  - xi. Limited Liability Partnership (LLP)
  - xii. Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person (AJP)
  - xiii. Trust
  - xiv. Domestic Company
  - xv. Foreign Company
- IV. E-mail Address
- V. Address

### Section 2: TDS provisions and documents required, as applicable for relevant category of Members.

**Members are requested to take note of the TDS rates and document/s, if any, required to be submitted to the Company by 23<sup>rd</sup> September, 2021 for their respective category, in order to comply with the applicable TDS provisions.**

- I. **For Resident Members:**
  - i. **Mutual Funds:** No TDS is required to be deducted as per section 196(iv) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
  - ii. **Insurance Companies:** No TDS is required to be deducted as per section 194 of the IT Act subject to specified conditions. Self-attested copy of valid IRDA registration certificate needs to be submitted.
  - iii. **Category I and II Alternative Investment Fund:** No TDS is required to be deducted as per section 197A (1F) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
  - iv. **Recognised Provident Funds:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the IT Act, or Self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.

- v. **Approved Superannuation Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.
- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.
- vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.
- viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.
- ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.
- x. **Other Resident Members:**
  - a) TDS is required to be deducted at the rate of 10% u/s 194 of the IT Act.
  - b) No TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to individual shareholder does not exceed ₹5,000 (Rupees Five Thousand only). Normal dividend/s declared in the preceding financial year 2020-21 would be considered as the basis to determine applicability of the said threshold for the entire financial year.
  - c) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).
  - d) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the shareholder is not available.
  - e) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.
  - f) TDS shall be deducted at the rate of 20% u/s 206AA if the IT Act, if the shareholder is a specified person within the meaning of Sec. 206AB(3). However, in term of Circular No. 11 of 2021 dated 21st June, 2021, if the specified person files a valid return of income (filed & verified) for Assessment Year 2019-20 or 2020-21 during the financial year 2021-22 before the Book Closure date, then he will not be treated as specified person and tax shall be deducted @10%.

## II. For Non-resident Members:

- i. **FPI and FII:** TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 196D of the IT Act.
- ii. **Any entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc. by Indian tax authorities) in support of the entity being entitled to exemption from TDS needs to be submitted.
- iii. **Other Non-resident Members:**
  - a) TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 195 of the IT Act.
  - b) Shareholder may be entitled to avail lower TDS rate as per Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder as modified by Multilateral Instrument ('MLI') on furnishing the below specified documents:
    - 1) Self-attested copy of PAN;
    - 2) Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident;
    - 3) Self-declaration in Form 10F; and
    - 4) Self-declaration on letterhead of having no Permanent Establishment in India, Beneficial ownership of shares and eligibility to claim treaty benefits (as per Annexure 1 to this Communication).
  - c) TDS is required to be deducted at the rate prescribed in valid lower tax withholding certificate issued u/s 197 of the IT Act, if such valid certificate is provided, except in case of FII and FPI whose TDS is to be effected u/s 196(D).
  - d) In case of FII and FPI, copy of SEBI registration certificate.

Details and/or documents as mentioned above in Section 1 and Section 2, as applicable to the Member, need to be sent, duly completed and signed, through registered e-mail address of the Member with PAN being mentioned in the subject of the e-mail to reach by 23<sup>rd</sup> September, 2021. Please note that no communication this regard, shall be accepted post 23<sup>rd</sup> September, 2021.

### Section 3: Other general information for the Members:

- I. For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being sent/accepted by email, the Member undertakes to send the original document/s on the request by the Company.



- II. In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Book Closure Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person.
- III. Shareholders holding Equity Shares under multiple accounts under different status/category and single PAN, may note that higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.
- IV. TDS deduction certificate will be sent to the Members' registered email address in due course.
- V. Surcharge will be levied as per rates applicable for the financial year 2021-22.
- VI. Normal dividend/s declared in the preceding financial year 2020-21 would be considered as the basis to determine applicability of the surcharge rate.
- VII. Health and Education Cess of 4% is applicable for financial year 2020-21 for non-residents.
- VIII. Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of Members on the Book Closure Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.
- IX. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.
- X. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

**Note:**

**Above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.**

(Refer Section 2(II)(iii)(b)(4) of above Communication on TDS on Dividend Distribution)

## ANNEXURE 1

## FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA

Date:.....

To,  
Rico Auto Industries Limited  
38 KM Stone, Delhi-Jaipur Highway  
Gurugram-122001, Haryana  
E-mail: cs@ricoauto.in

**Subject: Declaration for eligibility to claim benefit under Double Taxation Agreement between Government of India and Government of ..... (mention country of tax residency) ("DTAA"), as modified by Multilateral Instrument ("MLI"), if applicable**

With reference to above, I/We wish to declare as below:

1. I / We,..... (Full name of the shareholder), having permanent account number (PAN) under the Indian Income tax Act, ..... (mention PAN), and holding ..... (mention number of shares held) number of shares of the Company under demat account number/ folio number ..... as on the Cut off date 23<sup>rd</sup> September, 2021, am/ are a tax resident of..... (country name) in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a 'resident' of India under section 6 of the Indian Income-tax Act, 1961 ("the IT Act"). A copy of the valid tax residency certificate for .....(period), which is valid as on the Book Closure Date, is attached herewith.
2. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and entitled to claim treaty benefits including but not limited to the Principal Purpose Test (PPT), Limitation of Benefit Clause (LOB), Simplified Limitation of Benefits (SLOB), period of holding of shares etc. as applicable. I/We specifically confirm that my/our affairs were not arranged such that the main purpose or the principal purpose thereof was to obtain tax benefits available under the applicable tax treaty.
3. I/We am/are the legal and beneficial owner of .....(No. of Shares) shares held in the Company. Further, I/We am/are the beneficial owner of dividend income to be received from the Company in respect of aforementioned shares.
4. I/We am/are tax resident of ..... (mention country of tax residency) and assessed therein as a tax resident and I/We am/are not a fiscally transparent entity.
5. I/We do not have a Permanent Establishment ("PE") in India in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to me/us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.
6. I/We do not have a PE in a third country and the amounts paid/payable to me/us, in any case, are not attributable to a PE in third jurisdiction, if any, which may have got constituted otherwise.
7. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/payable to me/us, in any case, are not attributable to business operations, if any, carried out in India.
8. We do not have a Place of Effective Management [under Section6(3) of the IT Act] in India (if shareholder is a company).

I/We hereby certify that the declarations made above are true and bonafide. In case in future, any of the declarations made above undergo a change, I/we undertake to promptly intimate you in writing of the said event. You may consider the above representations as subsisting unless intimated otherwise.

I/We in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me/us, I/we will be responsible to pay and indemnify such income tax demand (including interest, penalty, etc.) and provide the Company with all information/ documents that may be necessary and co-operate in any proceedings before any income tax/ appellate authority.

For ..... (Mention the name of the payee)

Authorised Signatory

(Name of the person signing)

(Designation of the person signing)

## DIRECTORS' REPORT

To the Shareholders,

Your Directors present the 38<sup>th</sup> Annual Report of your Company, together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2021.

### FINANCIAL RESULTS

(₹ in Crores)

Particulars	Standalone		Consolidated	
	Current Year 2020-21	Previous Year 2019-20	Current Year 2020-21	Previous Year 2019-20
Total Revenue	1304.70	1226.27	1488.44	1423.78
Profit before Interest, Depreciation and Exceptional Items	93.34	106.00	107.13	136.46
Interest and Financial charges	34.96	27.18	38.61	31.20
Profit before Depreciation, Exceptional Items and Tax	58.38	78.82	68.52	105.26
Depreciation	62.98	59.96	80.08	79.57
Profit before Exceptional Items and Tax	(4.60)	18.86	(11.56)	25.69
Exceptional Items	4.25	5.21	4.36	6.79
Profit/(Loss) before Tax (PBT)	(8.85)	13.65	(15.92)	18.90
Tax (Credit)/Expense	(3.09)	(2.93)	(1.85)	2.22
Profit/(Loss) after Tax	(5.76)	16.58	(14.07)	16.68
Other Comprehensive Income/(Loss) (net of tax)	2.96	(5.64)	3.41	(4.36)
Total Comprehensive Income/(Loss)	(2.80)	10.94	(10.66)	12.32

### OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Company has recorded a Total Revenue of ₹1304.70 crores in the year under report as against ₹1226.27 crores in the previous year. Your Company has incurred a loss after tax of ₹5.76 crores during the year under report over the previous year's profit after tax of ₹16.58 crores.

The Aftermarket Division of your Company caters the two-wheeler and four-wheeler segment. The Company has established a strong network of dealers and distributors in India, Nepal, Sri Lanka and Bangladesh. During the financial year 2020-21, a turnover of ₹28.27 crores has been achieved by this Division. In spite of lockdown due to COVID 19, Aftermarket Division has a target to achieve sales of ₹36.30 crores in the current financial year 2021-22.

### DIVIDEND

Your Directors, to maintain the continuity, have recommended a Dividend @ 20 percent i.e. ₹0.20 per Equity Share of ₹1/- each for the financial year 2020-21 amounting to ₹2.71 crores on the equity share capital of ₹13.53 crores out of the amount standing credit in the surplus account available for distribution as against a dividend of 30 per cent i.e. ₹0.30 per Equity Share of ₹1/- each amounting to ₹4.06 crores in the previous year on the same Equity Share Capital.

### TRANSFER TO RESERVES

During the year under review, no amount has been transferred to the Reserves.

### SHARE CAPITAL

The Paid-up Share Capital as on 31<sup>st</sup> March, 2021 was ₹13,52,85,000 divided into 13,52,85,000 equity shares of ₹1/- each. During the year under review, your Company has neither issued shares with Differential Voting Rights nor granted Stock Options nor Sweat Equity.

### EXPORTS

The export turnover of your Company during the year under review was ₹358.87 crores as against ₹310.49 crores in the previous year.

The export turnover includes sales to wholly owned subsidiaries amounting to ₹143.99 crores as against ₹131.04 crores in the previous year. The wholly owned subsidiaries of your Company in United Kingdom and United States of America are engaged in providing last mile sales and customer support in their respective regions.

Your company has been one of the pioneers in exporting critical powertrain components based on the established quality systems and delivery experience of over 25 years. We have established a network of warehousing and local business representatives to support and manage our overseas customers. Since 2018 we have been focusing on the emerging **Electric Vehicles and Hybrid Vehicle Components** and have been awarded multiple businesses by BMW, STELLANTIS (PSA), RENAULT and TOYOTA.

Further details as regards efforts of your Company on this front have been dealt within the Management Discussion and Analysis section of this report.

### OUTLOOK FOR CURRENT YEAR

The spread of COVID-19 Pandemic has affected the business operations post the lockdown. The Company and the Group has taken various measures in consonance with the Central and State Government Advisories to contain the Pandemic.

Post lifting of the lockdown, the Company and the Group has carried out a comprehensive assessment of possible impact on its business operations, financial and non-financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company and the Group has also performed sensitivity analysis on the assumptions used and does not foresee any significant incremental risk to the recoverability of its assets. In pursuant to the relaxed guidelines, the Company and the Group resumed its operations at all its plants. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at this date. Management will continue to monitor any material changes arising due to the impact of this pandemic on

financial and operational performance of the Company and take necessary measures to address the situation.

The first quarter ended 30<sup>th</sup> June, 2021, recorded a total revenue of ₹343.55 crores as against the total revenue of ₹131.12 crores in the corresponding quarter of the previous year. Consequently, the Loss stood at ₹2.33 crores for the first quarter as against Loss of ₹14.70 crores in the corresponding quarter of the previous year. The Company is confident to improve the turnover and margin during the remaining part of the year

#### PLANTS AND FACILITIES

The Company continues its efforts towards expansion of its domestic and overseas customer base by optimizing utilization of existing available capacities, expansion of existing facilities and setting up new facilities, wherever required, to enhance the capacity. The Company is using its geographical spread to strategically locate its operations for de-risking.

#### ELECTRIC VEHICLES (EV)

Your Company is a major supplier to BMW, STELLATIS (PSA), RENAULT for their EV in Europe for Motor and Transmissions.

Your Company is expanding its Chennai facility to manufacture and supply high technology components to Toyota for their **Electrified Vehicles**.

During the year under review with an objective to run the operation of the Company on sustainable basis and to optimize the operation cost, the working machines and equipment to meet the customers requirements have been shifted from Dharuhera Plant to other facilities and manufacturing closed.

The details of Plants and Facilities are given in the Corporate Governance Report.

#### SUBSIDIARY COMPANIES

Your Company has four Wholly Owned Subsidiaries, two Subsidiary Companies and three Step-down Subsidiary Companies.

There was no material change in the nature of the business of any Subsidiary Company. Pursuant to SEBI (LODR) Regulations, 2015, Rico Aluminium and Ferrous Auto Components Limited, Rico Investments Limited and Rico Jinfei Wheels Limited are material subsidiaries of the Company.

#### A. Rico Auto Industries Inc., USA

This Company is engaged in the business of trading of Auto Components and providing warehousing, logistics and last mile support to our OEM and Tier-I Customers in North America, Mexico and Brazil for goods manufactured by your Company. The Company has recorded a total turnover of ₹133.59 crores during the financial year ended 31<sup>st</sup> March, 2021 as against ₹138.54 crores in the previous year.

The Company earned a net profit after tax of ₹2.36 crores in the financial year ended 31<sup>st</sup> March, 2021 as against ₹1.22 crores in the previous year. The Company has not declared any dividend for the financial year ended 31<sup>st</sup> March, 2021.

This Subsidiary has achieved a total turnover of ₹38.12 crores for the first quarter ended 30<sup>th</sup> June, 2021 as against ₹17.24 crores in the corresponding quarter of the previous year. The Company earned a profit after tax of ₹0.22 crore for the first quarter ended 30<sup>th</sup> June, 2021 as against a loss after tax of ₹0.65 crore in the corresponding quarter of the previous year. During the financial year and period under review, your

Company has not made any additional investment in this Subsidiary.

The Subsidiary is expecting a moderate growth during the current financial year.

#### B. Rico Auto Industries (UK) Limited, U.K.

This Company is engaged in the business of trading of Auto Components and providing warehousing, logistics and last mile support to our OEM and Tier-I Customers for the European Markets for goods manufactured by your Company.

The Company has recorded a total turnover of ₹5.92 crores during the financial year ended 31<sup>st</sup> March, 2021 as against ₹5.85 crores in the previous year. The Company incurred a loss after tax of ₹0.21 crore in the financial year ended 31<sup>st</sup> March, 2021 as against loss after tax of ₹0.34 crore in the previous year. Your Company has not made any additional investment during the year.

This Subsidiary has achieved a total turnover of ₹1.96 crores for the first quarter ended 30<sup>th</sup> June, 2021 as against ₹1.22 crores in the corresponding quarter of the previous year. The Company incurred a loss after tax of ₹0.03 crore for the first quarter ended 30<sup>th</sup> June, 2021 as against profit after tax of ₹0.06 crore in the corresponding quarter of the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

#### C. AAN Engineering Industries Limited

AAN Engineering Industries Limited (AAN), an AS 9100D Certified Company, which defines it as a "Manufacturer of Precision Machined Components & Assemblies" for the Aerospace and Defence Industry.

AAN offers an extensive array of services for the manufacture of components/sub-systems within the Defence & Aerospace Industry. These include Design & Development of Tooling, Casting, Machining and Assembly, supported by CAD, CAM, CAE and R&D testing facilities. AAN works with a wide range of Raw Materials - namely Aluminum Alloy, Alloy Steel & High Manganese Steel & Raw Material/Castings as required by Client.

AAN currently manufactures machined metal components for Mechanical and Electronic Fuse Assembly having installed capacity of 25,000 units per month. In the current year the Company won a prestigious tender with Ordnance Factory Board for supply of High Grade Manganese Casting for ammunition, and is currently servicing the order. This particular order places the Company favorably for manufacturing and servicing this specific need for Ministry of Defence over next several years.

AAN is empanelled and registered with the Special Products division of Electronics Corporation of India Limited (ECIL), Hyderabad, Bharat Electronics Limited (BEL), Pune, Engine Divisions of Hindustan Aeronautical Limited (HAL) (Bangalore, Nasik and Koraput), Heavy Vehicles Factory (HVF) Avadi, Army Base Workshop and Army Directorate of Indigenization and various Ordnance Factories. The Company is in advance stage of obtaining preferred vendor certification from Defence Research and Development Organization (DRDO) lab.

AAN Engineering is one of the leading participating companies in the largest ammunition tender taken out by Ministry of Defence in the year 2018. The Company has signed Strategic Transfer of Technology with leading OEMs across the globe.

The Company is also one of the shortlisted technical firms by Ordnance Factory Board (OFB) for the key Ammunition Demilitarization turnkey project.

AAN is our Defence Outfit and a Strategic Investment. With the mission Atma Nirbhar Bharat, we are confident of getting more involvement with Defence Sector.

During the year under review, the Company has recorded a total revenue of ₹9.08 crores as against ₹1.97 crores in the previous year. During the year, the Company has incurred a loss after tax of ₹0.83 crore as against a loss after tax of ₹1.95 crores in the previous year.

This Subsidiary has recorded a total revenue of ₹1.64 crores in the first quarter ended 30<sup>th</sup> June, 2021 as against ₹0.52 crore in the corresponding quarter of the previous year. The Company incurred a loss after tax of ₹0.33 crore for the first quarter ended 30<sup>th</sup> June, 2021 as against a loss after tax of ₹0.38 crore in the corresponding quarter of the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

#### D. Rico Fluidtronics Limited

This Company, during the year under review, has recorded a total revenue of ₹53.89 crores as against ₹80.85 crores in the previous year. This Company has earned a profit after tax of ₹4.10 crores in the financial year ended 31<sup>st</sup> March, 2021 as against profit after tax of ₹7.18 crores in the previous year.

This Company has enough orders from Maurti Suzuki and others in hand to cross ₹100 crores turnover in the Financial Year 2022-23.

The Board of this Company has recommended a dividend (10 per cent) of ₹1.00 per Equity Share of ₹10/- each for the financial year 2020-21. If approved, the dividend will amount to ₹4.22 crores as against dividend of ₹5.49 crores excluding dividend tax of ₹0.26 crore in the previous year on the same Equity Share Capital. Your Company and step down subsidiary, namely Rasa Autocom Limited expects to receive an amount (after TDS) of ₹1.94 crores and ₹1.86 crores respectively by way of dividend on their investment.

This Company has recorded a total revenue of ₹14.61 crores for the quarter ended 30<sup>th</sup> June, 2021 as against ₹6.07 crores in the corresponding quarter of the previous year. The Company has earned a profit after tax of ₹1.64 crores for the quarter ended 30<sup>th</sup> June, 2021 as against a loss after tax of ₹0.60 crore in the corresponding quarter of a previous year.

As reported last year this Company has won Maruti Suzuki Oil Pump & Water Pump (K15C) business, supplies are scheduled to be started during 2<sup>nd</sup> half of the current financial year.

During the current year this Company has also started further discussion with Maruti Suzuki for their recently quoted new Oil Pump programs sourcing, decision of the same is expected to be concluded in the current financial year.

This Company also has on-going discussion for current program volume extension/new customer locations with Renault Nissan Alliance, but decision is encountering delay due to Covid-19 situation.

#### E. Rico Investments Limited

During the year under review, this Company has recorded a total revenue of ₹4.69 crores as against ₹5.94 crores in the previous year. This Company has earned a profit after tax of ₹2.89 crores in the financial year ended 31<sup>st</sup> March, 2021 as against a profit after tax of ₹4.24 crores in the previous year.

This Subsidiary has achieved a total revenue of ₹1.07 crores for the first quarter ended 30<sup>th</sup> June, 2021 as against ₹1.29 crores in the corresponding quarter of the previous year. The Company earned a profit after tax of ₹0.69 crore for the first quarter ended 30<sup>th</sup> June, 2021 as against profit after tax of ₹0.85 crore in the corresponding quarter of the previous year.

This Company has paid an interim dividend @ 2 percent i.e. ₹0.20 per Equity Share of ₹10/- each for the financial year 2020-21. However, the Directors have not recommended any final dividend. The total interim dividend paid amounting to ₹2.38 crores as against a dividend of 3 percent i.e. ₹0.30 per Equity Share of ₹10/- each aggregating to ₹3.56 crores in the previous year on the same Equity Share Capital.

Your Company has purchased 27,00,000 equity shares of ₹10/- each of this Subsidiary Company from its existing shareholders and consequently it has become Wholly Owned Subsidiary of your Company w.e.f. 7<sup>th</sup> July, 2021.

This Company has not made any additional investment in its Subsidiary Companies.

The Board of Directors in their meeting held on 26<sup>th</sup> July, 2021 approved Amalgamation of this Company with your Company subject to approval of shareholders and other concerned statutory authorities.

This Company has the following subsidiaries:

##### i) Rico Aluminium and Ferrous Auto Components Limited

During the year under review, this Company has recorded a total revenue of ₹171.01 crores as against ₹193.63 crores in the previous year. This Company has incurred a loss after tax of ₹9.24 crores as on 31<sup>st</sup> March, 2021 as against the loss after tax of ₹9.18 crores in the previous year. Further, this Company has recorded a total revenue of ₹47.01 crores for the quarter ended 30<sup>th</sup> June, 2021 as against ₹13.98 crores in the corresponding quarter of the previous year. The Company has incurred a loss after tax of ₹1.88 crores for the quarter ended 30<sup>th</sup> June, 2021 as against the loss after tax of ₹6.34 crores in the corresponding quarter of the previous year.

This Company has not recommended any dividend for the financial year 2020-21.

The Board of Directors in their meeting held on 26<sup>th</sup> July, 2021 approved Amalgamation of this Company with your Company subject to approval of shareholders and other concerned statutory authorities.

##### ii) Rasa Autocom Limited

This Company was engaged in the business of manufacturing of High Pressure, Gravity and Low Pressure Die Cast Auto Components. Its plant was equipped with Automation and better controls to produce high quality parts in large volume for export. This Company has recorded a total turnover of ₹55.26 crores during the financial year ended 31<sup>st</sup> March, 2021 as against ₹72.54 crores in the previous year. The Company has earned a profit after tax of ₹1.68 crores in the financial year ended 31<sup>st</sup> March, 2021 as against the profit after tax of ₹6.57 crores in the previous year. The Company expects to receive a final dividend of ₹1.86 crores on its investment from Rico Fluidtronics Limited for the financial year 2020-21.

The Board of Directors and the Shareholders of this Company in their respective meetings held on 10<sup>th</sup> February, 2021 and 15<sup>th</sup> February, 2021 had approved transaction pertaining to sale of assets including all Plant & Machinery(s), Office Equipments, Inventories including Stores and Spare items, Furniture & Fixtures, Tools & Dies and other assets situated at Plot No. 21, Sector-5, HSIIDC Phase-II, G.C. Bawal, Haryana, except land and building, on book value to your Company. Also, lease agreement of the factory building has been executed with your Company up to 14<sup>th</sup> November, 2025.

The Board of Directors in their meeting held on 26<sup>th</sup> July, 2021 approved Amalgamation of this Company with your Company subject to approval of shareholders and other concerned statutory authorities.

This Subsidiary has achieved a total revenue of ₹0.40 crore from lease rental and other income for the first quarter ended 30<sup>th</sup> June, 2021 as against ₹9.57 crores (manufacturing activities) in the corresponding quarter of the previous year. The Company has earned a profit after tax of ₹0.20 crore for the quarter ended 30<sup>th</sup> June, 2021 as against the loss after tax of ₹0.17 crore in the corresponding quarter of the previous year.

### iii) Rico Jinfei Wheels Limited (Subsidiary and Joint Venture)

This Company has recorded a total turnover of ₹149.73 crores during the financial year ended 31<sup>st</sup> March, 2021 as against ₹119.72 crores in the previous year. This Company has earned a profit after tax of ₹2.08 crores in the financial year ended 31<sup>st</sup> March, 2021 as against the profit after tax of ₹0.62 crore in the previous year.

Further, this Company has recorded a total turnover of ₹37.03 crores for the quarter ended 30<sup>th</sup> June, 2021 as against ₹10.30 crores in the corresponding quarter of the previous year. The Company has earned a profit after tax of ₹0.16 crore for the quarter ended 30<sup>th</sup> June, 2021 as against a loss after tax of ₹2.62 crores in corresponding quarter of the previous year.

This Company has started supply of alloy wheels to Hero MotoCorp Limited. This will help to almost double the turnover and better margin during the financial year 2021-22.

The Board of Directors of this Company in their meeting held on 26<sup>th</sup> July, 2021 approved Amalgamation of Rico Castings Limited, Group Company with itself subject to approval of shareholders and other concerned statutory authorities.

### F Rico Friction Technologies Limited

Your Company invested in Rico Friction Technologies Limited (Formerly Metalart Friction Private Limited) by acquiring its 70 per cent paid-up equity share capital of ₹1.00 lakh on 30<sup>th</sup> December, 2020 and consequently it has become our Subsidiary Company. This Company has its plant at Gurugram to manufacture Friction Materials for Clutch and other applications.

This Company has recorded a total turnover of ₹4.03 crores during the financial year ended 31<sup>st</sup> March, 2021 and earned a profit after tax of ₹1.01 crore. This Company has not recommended any dividend for the financial year 2020-21.

### CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129(3) of the Companies Act, 2013 read with rules made thereunder the appended Audited Consolidated Financial Statements of the Subsidiaries and the Joint Venture Company forms part of the Annual Report.

A Statement containing salient features of the financial statements of Subsidiaries and Joint Venture Company has been provided in Form AOC-1 which is annexed and forms part of this Report.

Further, audited financial statements of the Subsidiaries and Joint Venture Company have also been placed on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

The Company will make available these documents upon request by any member of the Company interested in obtaining the same.

### MATERIAL CHANGES AND COMMITMENTS

There was no change in the nature of business of the Company.

There were no material changes and commitments affecting the financial position of the Company occurring between 31<sup>st</sup> March, 2021 and the date of this Report.

Except, the Board of Directors of your Company in their meeting held on 26<sup>th</sup> July, 2021 has approved the Scheme of Amalgamation of M/s. Rico Investments Limited, M/s. Rasa Autocom Limited, M/s. Rico Aluminium and Ferrous Auto Components Limited, (Transferor Companies) with your Company (Transferee Company) pursuant to Sections 230 to 232 of the Companies Act, 2013. The Scheme of Amalgamation is subject to the approval of shareholders and creditors of the Transferor and Transferee Companies, the Hon'ble National Company Law Tribunal and other concerned statutory authorities.

### CREDIT RATING

The India Ratings and Research Private Limited – a Credit Rating Agency, has affirmed the credit ratings on 31<sup>st</sup> March, 2021, and has revised the outlook back to stable based on a consolidated view of the Company and its Subsidiaries business on the back of their similar business profile, Common Treasury and Management Team and the same are given below:

#### Credit Ratings:

Instrument Type	Size of Issue (million)	Rating/Outlook	Rating Action
Term loans/ letter of credit	INR3,120	IND A-/Stable	Affirmed; Off RWN
Fund based working capital limit	INR2,050	IND A-/Stable/ IND A2+	Affirmed; Off RWN
Non-fund based working capital credit limits	INR225	IND A-/Stable/ IND A2+	Affirmed; Off RWN

RWN = Rating Watch Negative  
Above specified ratings being latest one and published on 31<sup>st</sup> March, 2021.

The above credit ratings are being reviewed.

### FIXED DEPOSITS

The Company has not accepted deposits from the public during the year under review.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)**

Pursuant to Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, MDA is annexed which forms part of this Report.

**RISK MANAGEMENT**

Business risk evaluation and its management is an ongoing process within the Company. The same is further discussed in Management Discussion and Analysis, which forms part of this Report.

Details of the Risk Management Committee are given in the Corporate Governance Report. The policy is available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

**SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The adequacy of Internal Financial Controls is discussed in Management Discussion and Analysis, which forms part of this Report.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance containing General Shareholders information, along with the Certificate from Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as a part of this Report.

**AUDIT COMMITTEE**

Your Company has an Audit Committee to meet the requirements of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of the Audit Committee are given under the Corporate Governance Report. There are no recommendations of the Audit Committee which were not accepted by the Board.

**NOMINATION AND REMUNERATION COMMITTEE**

Your Company has a Nomination and Remuneration Committee to meet the requirements of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the Nomination and Remuneration Committee are given under the Corporate Governance Report.

The Board has framed a Nomination and Remuneration Policy which lays down a framework in relation to the remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. This Policy is placed on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In accordance with the requirements of Section 135 of the Companies Act, 2013, the amount to be spent during the financial year 2020-21, worked out to be ₹90.00 lakhs. The Company has spent an amount of ₹90.24 lakhs including ₹0.24 lakh on voluntary basis towards the CSR activities/projects as specified in CSR policy of the Company during the financial year 2020-21. The CSR activities of the Company are being monitored by the CSR Committee. The focus area of CSR activities is as per Schedule VII of the Companies Act, 2013.

**RICO CARE FOUNDATION**

During the current year, your Company alongwith other Group Companies has formed a Company under the name of "Rico Care Foundation" on 15<sup>th</sup> July, 2021 to meet its obligation towards Society at large and serve the needy/under privileged community and to undertake all activities specified under Schedule VII (CSR) of the Companies Act, 2013.

The details about the policy on Corporate Social Responsibility ("CSR") including initiatives taken on CSR, the annual report on CSR activities and the composition of CSR Committee are annexed and forms part of this report. The Policy is available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

**VIGIL MECHANISM**

The Company has established Vigil Mechanism/Whistle Blower Policy for Directors, Employees, Clients, Vendors, Suppliers and Contractors as an avenue to report concerns including unethical behavior, actual or suspected, frauds or violation of the Company's code of conduct. The same meets the requirements of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

**RELATED PARTY TRANSACTIONS AND MATERIAL SUBSIDIARIES**

The Company has duly approved policies for determining the Material Subsidiaries and Material Related Party Transactions.

These Policies are available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>. All contracts/arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis and prior approval of the Audit Committee was sought for entering into related party transactions. The details are provided in Form AOC-2 which is annexed and forms part of this Report. As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a return has been filed with BSE/NSE. Please also refer Note 41 to the standalone financial statements for related party disclosures.

**LISTING OF EQUITY SHARES**

The Equity Shares of your Company are presently listed on the BSE Limited and National Stock Exchange of India Limited. The Annual Listing Fees have been paid for the financial year 2021-22.

**ANNUAL RETURN**

The Annual Return of the Company as on 31<sup>st</sup> March, 2021 is available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of investments made, loans and guarantees given are provided in the standalone financial statements. (Please refer to note 06, 07 & 35 of the standalone financial statements).

**BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

In accordance with the provisions of the Companies Act, 2013, Shri Arun Kapur (DIN: 00100270), Joint Managing Director of the Company will retire by rotation at the forthcoming AGM and who being eligible, has offered himself for re-appointment. A brief resume of Shri Arun Kapur is given in the Notice of the AGM.

There is no change in the KMPs of the Company during the year under report.

## DECLARATION BY INDEPENDENT DIRECTORS AND STATEMENT ON COMPLIANCE OF THE CODE OF CONDUCT

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 Companies Act, 2013 and the Listing Regulations, 2015 and they have further confirmed compliance with the code for Independent Directors as prescribed in the Schedule IV to the Companies Act, 2013.

Further a declaration has been received from all Independent Directors pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, affirming that they have registered themselves with the Indian Institute of Corporate Affairs in the Independent Director's Data Bank. In the opinion of the Board, all the Independent Directors are proficient and have requisite experience and expertise to undertake the responsibilities conferred on them.

## BOARD MEETINGS

During the year under review, four Board Meetings were held and one separate meeting of Independent Directors was held, the details of which forms part of Corporate Governance Report.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have carried out the annual evaluation of its own performance, the Individual Directors including the Chairman as well as the evaluation of the working of its Committees. The evaluation of Board as a whole and Non-Independent Directors including Chairman was done by the Independent Directors in their meeting held on 26<sup>th</sup> March, 2021. The manner, in which the evaluation has been carried out, has been explained in the Corporate Governance Report.

## BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report for the Year under review, as stipulated under regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the prescribed format is annexed and forms part of this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, your Directors confirm that:

- i) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2021, the applicable accounting standards have been followed and there are no material departures;
- ii) appropriate accounting policies have been selected and applied consistently and have made judgements 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 at 31<sup>st</sup> March, 2021 and of the Loss for the year 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) the annual accounts for the financial year ended 31<sup>st</sup> March, 2021 have been prepared on a going concern basis;
- v) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## STATUTORY AUDITORS

M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) were re-appointed as Statutory Auditors of your Company at 34<sup>th</sup> Annual General Meeting (AGM) held on 22<sup>nd</sup> September, 2017 for a term of five consecutive years till the conclusion of 39<sup>th</sup> AGM to be held in the year 2022.

The requirement of annual ratification of the Statutory Auditor's appointment has been dispensed with, accordingly, no resolution is proposed for ratification of their appointment. The Company has received a certificate from M/s. Walker Chandio & Co LLP, Chartered Accountants confirming their eligibility to continue as Auditors of the Company.

As required under Regulation 33 of the SEBI (LODR) Regulations, 2015, the Statutory Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

During the year under report, there were no revisions in the financial statements of the Company. The observations in the Auditor's Report on Standalone and Consolidated Financial Statements are dealt within the notes to accounts at appropriate places and being self-explanatory, need no further comments.

## INTERNAL AUDITORS

The Board on the recommendation of the Audit Committee has appointed M/s. Protiviti India Member Private Limited as the Internal Auditors of the Company for the Financial Year 2021-22.

## APPOINTMENT OF COST AUDITORS AND MAINTENANCE OF COST RECORDS

The cost records as required under section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 are being prepared and maintained by the Company in order to ensure proper compliance.

The Board, on the recommendation of Audit Committee, has appointed M/s. MM & Associates, Cost Accountants in place of M/s. J.K. Kabra & Co., Cost Accountants, Delhi as Cost Auditors to carry out the cost audit of the Company for the financial year 2021-22. In terms of Section 148 of the Companies Act, 2013 and the rules made thereunder, remuneration of Cost Auditors is to be ratified by members of the Company. Accordingly, a resolution is included in the Notice of ensuing Annual General Meeting for your approval. The Cost Audit Report for the financial year 2020-21 would be filed with the Ministry of Corporate Affairs, Delhi within the stipulated time.

## SECRETARIAL AUDITORS

The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2021 is enclosed and forms part of this report. There is no secretarial audit qualification for the year under review.

The Board has approved appointment of Shri Vimal Chadha of M/s. Vimal Chadha & Associates, Company Secretaries (C.P. No. 18669, FCS No. 5758) in place of Shri K. K. Sachdeva of M/s. K.K. Sachdeva & Associates, Company Secretaries (C.P. No. 4721, FCS No. 7153), as Secretarial Auditors to carry out the Secretarial Audit of the Company for the financial year 2021-22.

## SECRETARIAL AUDIT OF MATERIAL UNLISTED INDIAN SUBSIDIARY

Rico Investments Limited (RIL) and Rico Aluminium and Ferrous Auto Components Limited (RAFA), material subsidiaries of the



Company undertake Secretarial Audit every year. The Secretarial Audit of RIL and RAFA for the Financial Year 2020-21 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report of RIL and RAFA submitted by Shri Deepak Bansal, Practicing Company Secretary, do not contain any qualification, reservation or adverse remark or disclaimer. These reports are annexed to this report.

#### ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the Financial Year 2020-21 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Shri K.K. Sachdeva, Practicing Company Secretary has been submitted to the Stock Exchanges timely for the Financial Year 2020-21.

#### DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

The Statutory Auditors, Internal Auditors, Cost Auditors and Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

#### TRANSFER OF UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 124(5) and other applicable provisions of the Companies Act, 2013 (the Act), read with rules made thereunder, the declared dividends, which remained unpaid/unclaimed (₹0.04 crore) for a consecutive period of seven years have been transferred by the Company to the IEPF established by the Central Government pursuant to Section 125 of the Act.

Pursuant to the provisions of the section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules) a Company is required to transfer to the DEMAT Account of IEPF Authority all shares in respect of which dividends have not been paid or claimed for seven consecutive years or more. In accordance with the aforesaid provisions of the Act read with the rules, your Company, during the financial year 2020-21, had transferred 559961 shares pertaining to the financial year 2012-13 to the Demat Account of IEPF Authority within the stipulated time period.

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

The relevant information as required by the provisions of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is given in the Annexure forming part of this report.

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

There were no significant and material orders passed against the Company by the regulators or courts or tribunals during the financial year 2020-21 impacting the going concern status and Company's operations in future.

#### APPLICATION/PROCEEDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year, the Company has not made any application under the Insolvency and Bankruptcy Code, 2016 (IBC) and there is no proceeding pending under IBC.

#### ONE-TIME SETTLEMENT WITH ANY BANK OR FINANCIAL INSTITUTION

There was no instance of one-time settlement with any Bank or Financial Institution.

#### PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace and has in place an Internal Complaint Committee to redress the complaints and circumstances regarding the behavior of sexual harassment at workplace. The Policy for the same is placed on the intranet for the benefit of its employees. There were no complaints received from any employee during the year under review.

#### PERSONNEL

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in the Annexure forming part of this Report. The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and forming part of this Report for the year ended 31<sup>st</sup> March, 2021 are set out in the Annexure of this Report.

However, the Annual Report, excluding the Annexure is being sent to the Members of the Company in terms of the provisions of Section 136 of the Companies Act, 2013. A Member who is interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company.

During the year under report, the Industrial relations with personnel remained cordial, at all Plants. Your Directors wish to place on record their appreciation of the sincere and unstinted support provided to the Company by its employees at all levels.

#### ACKNOWLEDGEMENTS

The Board wishes to place on record its sincere appreciation for the continued assistance and support extended to the Company by Financial Institutions, Banks and various departments of Central and State Governments. Your Directors acknowledge with gratitude the encouragement and support extended by Company's valued customers, business associates, other stakeholders and shareholders.

On behalf of the Board of Directors

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
(DIN: 00096308)

Place : Gurugram  
Date : August 13, 2021

## ANNEXURE TO DIRECTORS' REPORT

### INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

The details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are as follows:

#### A. CONSERVATION OF ENERGY

##### i) Steps taken or impact on the conservation of energy

Energy Conservation measures taken:

Energy Conservation is an ongoing process, taken as a challenge. The various measures taken by your Company are:

- a) Installation of HT Capacitor for improving power factor near to unity.
- b) Installation of variable speed drives in fan motors for the reduction in energy consumption.
- c) Installation of LED Lights in place of Conventional Lights.
- d) Reduced energy consumption through:
  - Reduction in Compressed Air Pressure from 6.5 Bar to 5.0 Bar in Die Casting Machines.
  - Replacement of existing Water feed and circulation pumps with new high efficiency pumps.

With the implementation of the various energy conservation measures, the energy cost is expected to be reduced which consequently will result in cost saving.

##### ii) Steps taken by the Company for utilizing alternate sources of energy

Power Purchase Agreement has been signed with Solar Power Park Developer for buying Solar Power through open access. Also exploring other Solar Energy Suppliers.

##### iii) Capital Investment on Energy Conservation Equipment

No capital investment has been made during 2020-21.

#### B. Technology Absorption

##### i) Efforts made towards technology absorption

- a) Development of **Electric Vehicle** parts by High Pressure Die Casting, trials conducted, deployed dedicated casting and machining cells to get finish parts.
- b) Enhancing capacity of **Electric Vehicle** parts, various options of product & process improvement explored & deployed for CT & OEE improvement.

- c) Development of Four Wheeler Engine and Transmission parts by Aluminum High Pressure Die Casting, trials conducted, deployed dedicated casting and machining cells to get finish parts.
- d) Development of Two Wheeler BS VI parts by Aluminum High Pressure Die Casting, trials conducted, deployed dedicated casting and machining cells to get finish parts.
- e) Development of Engine block by ferrous casting process, developed tooling, trial conducted, samples submitted.
- f) Development of Inertia Rings by ferrous casting process, developed tooling, trials conducted, established casting process and dedicated machining cell to get finish parts.
- g) Horizontal deployment of automation in casting & machining operation by using Robots, several projects taken, consultation with domain experts sought, trials conducted.
- h) Development of paper type friction material for higher capacity **Clutches** for import substitution.
- i) Development of clutch for Two Wheelers, consultation with domain experts sought, CAE simulation done, testing conducted, new material identified & developed in India.
- j) Developing (CNC) the Special Purpose Machine (SPM) for transmission parts, explored various available solutions, various trials conducted and provided Indigenous Solution.
- k) Developing new products various improvements alternatives were analyzed & optimized with the help of casting process simulation software.

##### ii) Benefits derived like product improvement, cost reduction, product development or import substitution

- a) Development of **Electric Vehicle, Electricification (Hybrid)** Engine and Transmission Parts for Passenger Vehicles – In house development of tooling in short time & on time delivery samples and establishment of production line will result in business growth and new opportunities.
- b) Development of Engine Block and inertia rings – In house tooling and casting process developed, production line established, will result in business growth and new opportunities.
- c) Development of Two Wheeler Clutch – In house development will result in cost reduction & Import substitution.
- d) Development of paper type friction material – In house development of paper type friction material resulted in cost reduction & import substitution.

- e) Development of High Precision CNC Special Purpose Machine (SPM) for transmission parts - In house development will result in cost reduction and import substitution.
- f) Automation will result in Productivity & Product Quality consistency.
- g) Cycle Time Improvement will result in Productivity & Cost Reduction.
- h) Product improvements - Helped in improvement of Overall Equipment Effectiveness (OEE).
- iii) **Information regarding imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable**
- a) The details of technology imported : NA
- b) The year of import : NA
- c) Whether the technology been fully absorbed : NA
- d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof : NA
- iv) **Expenditure incurred on Research and Development**
- a) Capital Expenditure (Net of Sale/Disposal) including Capital Work-in-Progress as on 31.03.2021 – ₹28.40 crores
- b) Capital Expenditure during the year 2020-21 – ₹0.32 crore
- c) Capital Work-in-Progress during the year 2020-21 – ₹2.23 crore
- d) Recurring Expenditure – ₹9.29 crores
- e) Depreciation – ₹2.07 crores
- f) Total (b to e) – ₹13.91 crores
- g) Total R&D expenditure as percentage to total turnover – 1.09%

### C. Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned:

(₹ in Crores)

Particulars	2020-2021	2019-2020
i) Expenditure in foreign currency	82.72	43.38
ii) Foreign Exchange earned	358.87	297.57

On behalf of the Board of Directors

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
(DIN: 00096308)

Place : Gurugram  
Date : August 13, 2021

## ANNEXURE TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION & ANALYSIS

#### 1. ECONOMIC OVERVIEW

##### 1.1 Global Economic Overview

FY21 portrays a grim picture. The Global Economy has been under turmoil ever since the first wave of the COVID-19 pandemic at the start of FY20. Global prospects remain highly uncertain one year into the pandemic. New virus mutations and the resulting human toll raise concerns and disruptions worldwide. According to the International Monetary Fund, Global growth is projected at 6 per cent in 2021, while it is further moderated to 4.4 percent in 2022. The projections for 2021 and 2022 are stronger than they were in October 2020. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity.

While daunting challenges still prevail, but multispeed economic recoveries are under way. Among advanced economies, the United States is expected to surpass its pre-COVID GDP level this year, while many others in the group will return to their pre-COVID levels only in 2022. Similarly, among emerging market and developing economies, China had already returned to pre-COVID GDP in 2020.

Even while all eyes are on the pandemic, it is essential that progress be made on resolving trade and technology tensions. Countries should also cooperate on climate change mitigation, digitalization, modernization of international corporate taxation, and on measures to limit cross-border profit shifting, tax avoidance, and evasion. Since FY20, we have seen significant innovations in economic policy and massively scaled-up support at the national level, particularly among advanced economies that have been able to afford these initiatives. Ensuring similar ambitious efforts in the near future will help the global economy sail through these unprecedented times.

##### 1.2 Indian Economic Scenario

COVID-19, with its mutated contagious strains, has had a rapid resurgence in global cases in 2021; in India its impact has been particularly severe. The pandemic necessitated a complete nationwide lockdown followed by an 'unlock' phase characterized by intermittent regional lockdowns and curbs, this resulted in worst ever real GDP contraction. According to the National Statistical Office ("NSO"), India's GDP contracted by 7.3 per cent for FY21 as compared to the growth rate of 4.2 per cent in FY20.

However, government's prime focus on increasing the vaccination drives is leading India to the V-shaped economic recovery in the second half of FY21. Per Economic Survey 2020-21, India entered the top-50 innovating countries for the first time in 2020 since the inception of the Global Innovation Index in 2007, ranking first in Central and South Asia and also adopted a four-pillar strategy of containment, fiscal, financial, and long-term structural reforms:

- Calibrated fiscal and monetary support was provided, cushioning the vulnerable in the lockdown and boosting consumption and investment while unlocking.
- A favorable monetary policy ensured abundant liquidity and immediate relief to debtors while unclogging monetary policy transmission.

- The above efforts resulted in bringing India on a propitious growth path. GDP showed assertive growth in Q3 and Q4 FY20-21. We expect gradual sequential recovery as supply chain and COVID-19 situations improve.

#### Outlook

The World Bank forecasted that the Global Economy is set to expand 5.6 per cent in 2021—its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies—most notably the United States, owing to substantial fiscal support—amid highly unequal vaccine access. In many Emerging Markets and Developing Economies (EMDEs), elevated COVID-19 caseloads, obstacles to vaccination, and a partial withdrawal of macroeconomic support are offsetting some of the benefits of strengthening external demand and elevated commodity prices.

The global outlook remains subject to significant downside risks, which include the possibility of large COVID-19 waves in the context of new virus variants and financial stress. The legacies of the pandemic exacerbate the challenges facing policy makers as they balance the need to support the recovery while safeguarding price stability and fiscal sustainability. As the recovery becomes more entrenched, policy makers also need to continue efforts toward promoting growth-enhancing reforms and steering their economies onto a green, resilient, and inclusive development path.

#### Emerging Electric Vehicles Dynamics

The Global Automotive Industry is undergoing a paradigm shift at present in trying to switch to alternative/less energy intensive options. Four technology-driven trends—**Electrification**, shared mobility, connectivity and autonomous driving—are leading the Automotive Industry to these cumulating disruptions. India, too, is investing in this **Electric Mobility Shift**. The significant drivers of the change are increasing fuel prices, growing concerns for environmental pollution and government tax benefits to promote **Electric Vehicles**. Both government and major carmakers have explicitly called out that **Electrification of Vehicle** fleets is an important step towards creating more sustainable mobility solutions.

FY 2025-26 is a critical period for the development of **Electric Vehicles**. In India, during this period, the **Electric Vehicles Market** is estimated to grow at ₹50,000 crores (US\$ 7.09 billion) and the sales of **Electric Vehicles** and Fuel Vehicles will show a golden cross curve. A report by India Energy Storage Alliance estimated that **EV Market** in India is likely to increase at a CAGR of 36 per cent up to 2026. In addition, projection for **EV Battery Market** is forecasted to expand at a CAGR of 30 per cent during the same period. The Government aims to develop India as a Global Manufacturing and Research and Development (R&D) hub. It has set up the National Automotive Testing and R&D Infrastructure Project (NATRiP) centers as well as National Automotive Board to act as facilitator between the Government and the Industry. NATRiP's proposal for "Grant-In-Aid for test facility infrastructure for **Electric Vehicle (EV)** performance Certification from NATRiP Implementation Society" under FAME [Faster Adoption and Manufacturing of (Hybrid) and **Electric Vehicles** in India] scheme was approved by Project Implementation and Sanctioning Committee (PISC) on January 03, 2019. The Indian Government has also set up an ambitious target of having only **EVs** being sold in the country. The Ministry of Heavy Industries, Government of India, has shortlisted 11 cities in the country for introduction of **EVs**

in their public transport system under the FAME scheme. The first phase of the scheme was extended to March 2019 while in February 2019, the Government approved FAME-II scheme with a fund requirement of ₹10,000 crores (US\$ 1.39 billion) for FY20-22. Under Union Budget 2019-20, Government announced an additional income tax deduction of ₹1.5 lakhs (US\$ 2,146) on the interest paid on the loans taken to purchase EVs. (Source: <https://www.ibef.org/industry/india-automobiles.aspx>)

**E-mobility** has arrived. The Automotive Industry could benefit by viewing it not as a threat, but an opportunity. An action-oriented perspective, acknowledging the shift, exploring expansion into uncharted territory and reinventing the way companies manage revenue and profit pools would help industry players be a part of the success story of **E-mobility** in India.

**2. INDUSTRY STRUCTURE AND DEVELOPMENT**

**2.1 Global Automobile Industry**

All the segments in the automotive world faced the ferocity of the widespread COVID-19 pandemic. The rapidly changing world scenario has created unprecedented times. According to a study by McKinsey & Co., Five trends stand out that could define the landscape for the automotive sector:

- **Global supply chain disruption:** Shifting trade patterns, propelled by geopolitical shifts and (of late) COVID-19, have been impacting the industry – operating margins dropped by 1.2 percentage points between 2017 and 2019, while margins for auto-part makers fell by 2 percentage points.
- **Cautious demand outlook, with some green shoots:** Demand of automobiles were hit hard due to world spread lockdowns. Automotive sales trajectory also showed a downward trend in India. But now as the country opens up, these figures have started to improve with some green shoots emerging in the small car, two-wheeler, and tractor segments. However, industry experts were still cautious about FY 21 sales as a whole, with COVID-19 cases rising rapidly across the country.
- **Shift in mobility trends:** Globally, the pandemic has enforced a massive change in attitudes towards mobility, with health and safety taking utmost precedence. The newer preference could be for micro-mobility or small-format mobility. The **Electric Vehicle (EV)** segment was also hit by the global slowdown, but resulted in rise again 2021 onwards in key geographies like EU and China, aided by regulation, technology and monetary incentives.
- **A resilient aftermarket:** As more people postpone buying new vehicles and use less public transport in the present scenario, repairs on current and second-hand vehicles could provide a window of opportunity for the automotive aftermarket.
- **Potential for auto investment and deal activity to grow:** In past financial crisis, the Automotive Industry saw

increased deal activity and the story is not very different in the present scenario. Auto deal activity shot up in the first half of 2020, with the total investment climbing 57 percent to USD 11 bn compared to the previous year.

However, the outlook for the Global Automotive Industry has been changed to “stable” from negative by Moody’s Investor Service. The stable outlook for the Global Automotive Industry reflects rising sales through 2021, with continued, but slow, increases through 2023. Moody says the challenges from the corona virus and the subsequent COVID-induced recession come at the same time automakers are contending with costly restructuring and modernization efforts, which only add risk for an industry with thin margins. Lower revenue is a burden for companies investing to produce lower-emissions and **Electrified Vehicles**, consummate alliances or mergers and build more efficient and profitable operating structures. Nevertheless, automakers have strong liquidity, which should be sufficient to see them through current stresses.

**2.2 Indian Automobile Industry**

With the outbreak of the COVID-19 pandemic, the automobile industry, which was already sluggish, was brought to a standstill with the nationwide lockdown in April 2020. FY21 has clearly emerged as one of the toughest years in the history of the Indian Automotive Industry.

Due to the overall economic slowdown, lack of government stimulus for the industry, liquidity crisis and poor consumer sentiments the industry saw a downturn across all vehicle segments during FY21 compared to growth trends noted in FY19. Sales volumes were also pushed back by multiple years during FY2021. For Passenger Vehicles, sales volumes were lowest since FY16, for Two Wheelers - lowest since FY15, for Commercial Vehicles – lowest since FY11 and Three Wheelers – lowest since FY03. Evidently, FY21 was an unpleasant year for the Automobile Industry including Ancillaries.

**Automobile Sales and Production Trends**

Two wheelers and passenger vehicles dominate the Domestic Indian Auto Market. FY21 certainly did not bring positive results for the industry. According to SIAM, in April-March 2021, Automobile Industry registered a de-growth in production of 14.04 per cent, sale of Passenger Vehicles declined by 2.24 per cent, sale of Three Wheelers declined by 66.06 per cent, Two Wheelers sales registered a de-growth of 13.19 per cent and the overall Commercial Vehicles segment registered a de-growth of 20.77 per cent, over the same period of last year.

On the sales front, a deep structural slowdown in the industry even before the pandemic, combined with the impact of the pandemic in 2020-21, has pushed all vehicle segments back by many years. Two-wheeler sales were particularly hit with the challenges of rampant job losses and business downturn. Recovery from here will require time and efforts by all stakeholders. There is still uncertainty in the value chain owing to semiconductor shortage, fresh lockdowns and increasing raw material prices.

**Domestic Sales (in units)**

Category	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Passenger Vehicles	2,789,208	3,047,582	3,288,581	3,377,389	2,773,519	2,711,457
Commercial Vehicles	685,704	714,082	865,916	1,001,311	717,593	568,559
Three Wheelers	538,208	511,879	635,698	701,005	637,065	216,197
Two Wheelers	16,455,851	17,589,738	20,200,117	21,179,847	17,416,432	15,119,387
Quadracycle	0	0	0	627	942	-12
<b>Grand Total</b>	<b>20,468,971</b>	<b>21,863,281</b>	<b>24,981,312</b>	<b>26,266,179</b>	<b>21,545,551</b>	<b>18,615,588</b>

(Source: SIAM)

### Automobile Exports Trends

Industry exports seems to grow at a slightly slower pace in the long term. Auto Component exports are projected to rise at 3-5 per cent CAGR between fiscal 2020 and 2024 after seeing a two-year consecutive decline in fiscal 2020 and 2021. According to SIAM, In April-March 2021, overall automobile exports declined by 13.05 per cent. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers exports also declined by 38.92 per cent, 16.64 per cent, 21.67 per cent, and 6.87 per cent respectively.

The primary driver of decline in exports remains the same widespread effects of the pandemic that had disrupted the Global Industry demands. Besides that, industry faces various disruptions in the areas of emission level, safety, **Electric Mobility**, and increasing usage of **Automotive Electronics**, all of which are technology intensive. However certainly industries are expected to revive from various government initiatives. The Government of India has encouraged foreign investment in the Automobile Sector and has allowed 100 per cent Foreign Direct Investment ("FDI") under the automatic route. Focus is now shifting to **Electric Vehicles** to reduce emissions hence several policy interventions are announced for **EV** adoption.

### 2.3 Indian Auto Component Industry

The Indian Auto-Components Industry has experienced healthy growth over the last few years. According to India Brand Equity Foundation (IBEF) April 2021 report, the Auto-Components Industry expanded by a CAGR of 6 per cent over FY16 to FY20 to reach US\$ 49.3 billion in FY20. The industry is expected to reach US\$ 200 billion by FY26.

It accounted for 2.3 per cent of India's Gross Domestic Product (GDP). As per Automobile Component Manufacturers Association (ACMA), Automobile Components export from India is expected to reach US\$ 80 billion by 2026. Per CARE Ratings, FY22 is expected to witness a positive growth of 18 to 20 per cent, after two consecutive fiscals of de-growth. The Indian Auto Components Industry is expected to reach US\$ 200 billion in revenue by 2026. India has a competitive advantage in Auto Components categories such as shafts, bearings and fasteners due to large number of players. This factor is likely to result in higher exports in the coming years.

Government has come out with Automotive Mission Plan (AMP) 2016-26 which will help the Automotive Industry to grow and will benefit the Indian economy at large. Also 100 per cent FDI is allowed under the automatic route for Auto Component Sector. Further in November 2020, the union cabinet approved Production-Linked Incentive (PLI) scheme in the industry with an approved financial outlay over a five-year period of \$8.1 billion. The Indian Auto-Components Industry is set to become the third largest in the world by 2025. Indian Auto-Component Makers are well positioned to benefit from the globalization of the sector as export potential could go up to US\$ 30 billion by 2021.

#### Outlook

FY21 was a year of transition for the Indian Automobile Industry. The year presented fresh challenges in the form of outbreak of Covid-19 and the resultant supply side disruptions, loss in production of automobiles, rise in input costs, trade disruptions, etc. However, Q3-FY21 witnessed a turnaround in the industry as its wholesale as well as retail volumes started gaining momentum, owing to the pent-up demand, festive and wedding season. This demand was definitely hit again by high fuel prices and price hikes by Automobile OEMs. Yet,

it is noteworthy that by the end of the year, the Automobiles Industry made a comeback.

Going forward, the National Automobile Scrappage Policy that was announced in the Union Budget FY22 will lead to discarding or scrapping of old unfit passenger vehicles that are over 20 years and commercial vehicles that are over 15 years old plying on Indian roads thereby boosting demand for new vehicles and technology. This policy is certainly a win-win situation for all, on the one hand this benefits our environment by bringing the pollution levels down, on the other hand customers will be entitled to incentives to purchase new and improved vehicles in exchange of their old vehicles. This initiative is projected to be a strong pillar for boosting growth in automobile sales in India in the foreseeable future.

The rapidly globalizing world is opening newer opportunities for the transportation industry, especially while it makes a shift towards **Electric, Electronic and Hybrid Cars**, which are deemed more efficient, safe, and reliable mode of transportation. Over the next decade, this will lead to newer verticals and opportunities for manufacturers. Alongside government initiatives that include allowance of 100 per cent Foreign Direct Investment under the automatic route, National Automotive Testing and R&D Infrastructure Project (NATRIP) and The National Electric Mobility Mission Plan (NEMMP), 2020 has paved the way for promising growth opportunities in the automotive sector.

**RICO** looks forward to expand its Global network by moving into new Geographies, forming new Partnerships, gaining more business from existing Customers and taking on new Customers. To drive progress, the Company is geared up for grabbing the opportunity as it strives to be a Preferred Supplier backed by Technology and Automation for smooth execution of varied customers' requirements including components for **Electric Vehicles and Electrified Vehicles and ICE Engines**.

### FINANCIAL PERFORMANCE

#### 1. Revenue

Despite the Lockdown total revenue of ₹1304.70 crores was recorded in the financial year ended 31<sup>st</sup> March, 2021 as against revenue of ₹1226.27 crores in the previous year. The total revenue for the financial year ended 31<sup>st</sup> March, 2021 includes export revenue of ₹358.87 crores as against ₹310.49 crores in the previous year, a growth of 15.58 per cent in export.

#### 2. Profits

The Company has earned Profit before Interest, Depreciation and Tax (PBIDT) of ₹93.34 crores during the financial year ended 31<sup>st</sup> March, 2021 over the previous year's PBIDT of ₹106.00 crores. The Loss before tax of ₹8.85 crores and Loss after tax of ₹5.76 crores were recorded in the financial year 2020-21. In order to address the impact of interest rate, material cost, energy cost, availability of power and volatility in foreign exchange, your Company is taking appropriate measures to improve the profitability for a sustained growth.

#### 3. Earnings Per Share (EPS)

The Basic and Diluted EPS of ₹1/- paid-up share is ₹(0.43) for the financial year ended 31<sup>st</sup> March, 2021. The previous year's Basic and Diluted EPS was ₹1.23 on ₹1/- paid-up share.

**4. Dividend**

During the financial year ended 31<sup>st</sup> March, 2021, your Directors have recommended a Dividend @ 20 percent i.e. ₹0.20 per Equity Share of ₹1/- each for the financial year 2020-21 amounting to ₹2.71 crores on the equity share capital of ₹13.53 crores as against a dividend of 30 per cent i.e. ₹0.30 per Equity Share of ₹1/- each aggregating to ₹4.06 crores in the previous year on the same Equity Share Capital.

**5. Reserves & Surplus**

The reserves and surplus of the Company stood at ₹564.87 crores as against ₹571.99 crores in the previous year.

**6. Loan Funds**

Total debt outstanding as on 31<sup>st</sup> March, 2021 stands at Term Loan & Buyers Credit of ₹313.53 crores and Working Capital Loan of ₹187.48 crores aggregating to ₹501.01 crores as against Term Loan & Buyers Credit of ₹252.27 crores and Working Capital Loan of ₹153.81 crores aggregating to ₹406.08 crores in the previous year. Low cost funds have substituted high cost loans, improving the finance cost.

**Key Financial Ratios**

Key Financial Ratios are given below:

Particulars	Units	2020-21	2019-20	Change over previous year (percentage)	Reason for material change
Debtors Turnover Ratio	Times	5.22	5.80	-10.00	Increased Debtors due to increased export sale, that has longer lead time.
Inventory Turnover Ratio	Times	7.02	10.87	-35.42	Inventory in warehouse - The year 2020-21 also showed weakness in Auto sales.
Interest Coverage Ratio	Times	0.87	1.69	-48.69	Higher interest cost due to increased term loans and increase in operational cost due to Covid-19 impact.
Current Ratio	Times	0.94	0.96	-1.78	No significant change
Debt Equity Ratio	Times	0.54	0.43	25.58	Increased on account of new term loan.
Operating Profit Margin	%	7.15	8.64	-17.25	Profitability is down because of Covid-19 impact.
Net Profit Margin	%	(0.68)	1.11	-	The reasons explained above.
Return on Net Worth	%	(0.99)	2.80	-	PAT is lower because of reasons stated above.

**INDIAN ACCOUNTING STANDARDS (Ind AS)**

The Company, its Subsidiaries and Joint Venture are complying with the applicable Ind AS issued by the Ministry of Corporate Affairs (MCA) from time to time.

**RICO EXECUTIVE COMMITTEE (REC)**

The Company has constituted a Rico Executive Committee (REC) to look after the day to day affairs. It reports to the Managing Director and Board of Directors. The major functions (covering the following) of REC are to set a strategic direction, ensure speedy operational decisions, good internal controls, statutory compliances and risk management.

**RISKS & CONCERNS**

The Risk Management Committee has been constituted on 31<sup>st</sup> May, 2021 to look after risks and concerns of the Company. The Company is exposed to external and internal risks associated with the business. The operations of the Company are directly dependent on the Automotive Industry and the cyclical nature of the industry affects us. General economic conditions impact the automotive industry and in turn our operations as well. To counter these risks, we continue to broaden our product portfolio, increase our customer profile and geographic reach. The Company is exposed to strong competitive pressures, both domestic and overseas. Company's established reputation, close customer relationships, ability to provide higher level of engineering, design support and relentless drive for improvement gives us a competitive edge. We are also exposed to financial risk from changes in interest rates, foreign exchange rates, and commodity prices. We are fully aware of risks and are therefore implementing a structured risk management system. The Company is taking steps to ensure the effective risk management including risk identification and its mitigation through proper insurance covers and other strategies.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company's internal control system is aimed at proper utilization and safeguarding of the Company's resources and promoting operational efficiency to ensure compliance of applicable laws and regulations. The internal audit process reviews the in-system checks, covering significant operational areas regularly. The Company's Audit Committee is responsible for reviewing the Audit Report submitted by the Internal Auditors. Suggestions for improvements are considered and the Audit Committee follows up on the implementation of corrective actions. The Audit Committee also invites the Statutory and Internal Auditors for regular meetings to ascertain their views on the adequacy of internal control systems and keeps the Board of Directors informed of its observations from time to time.

**HUMAN RESOURCES**

Our people have always been our most valued resource and their development is our prime focus. We support our people with continuous in-house and external trainings and boost their morale & performance through employee engagement activities like Kaizen Awards, Quality Circle, Family Connect Program, Sports Activity & Town Hall meetings etc. There are 4328 employees including 2730 contractual employees in the Company as on 31<sup>st</sup> March, 2021. About 92 per cent employees have been vaccinated for protection against Covid.

The Company has put in place stringent monitoring processes for Covid-19 ensuring the following:

- Thermal Screening of all employees and visitors
- Sanitizing the premises and vehicles on regular basis
- Enforcing wearing of masks and regular cleaning of hands
- Strictly following the social distancing norms at workplaces, factories, canteens, offices etc.

- Regular health updates of all the employees and their families
- Promoting awareness through do's and don'ts posters for all its employees
- Ensuring use of Arogya Setu App
- Vaccination programme for all employees

#### ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT

The Company is committed to continuous improvement in Environment, Health and Safety Systems (EHS) in the organization and ensuring compliance with all applicable legal and customer requirements. Behavior Based Safety and Clean Development Mechanism (CDM) Projects are new initiatives taken to inculcate safe working culture and to reduce carbon foot prints. We provide safety training to our employees on different aspects of safety, health and environment. Training covers new-hire induction and periodic refresher training for all employees and third party employees. We too enhance environment, health and safety awareness among our employees through mock drills, various competitions and campaigns. We also encourage employee's family to participate in various EHS events to create awareness beyond RICO.

We encourage employees to report near miss, unsafe condition/act and to take proactive, preventive actions for the same. This strategy will help us to improve EHS performance indicators e.g. reduction in Lost Time Injury Frequency Rate (LTIFR) and Severity Rate. We believe that health is wealth, so regular health camps and awareness sessions are incorporated in the EHS plan. We are committed for continual improvement in the ISO 14001 and ISO 45001 Systems. We verify adherence to the EHS systems through internal and external audits.

#### INFORMATION TECHNOLOGY

We are continually acquiring state-of-the-art technology and information resources. Continuous improvement in terms of

availability and security of information is our priority. Several initiatives are taken to improve automation, process performance & controls. Technologies like Disaster recovery site, Private Cloud and Cloud Storage are helping us to protect vital information in the event of any disaster. Digital Signature & two-factor authentication(2FA) is implemented for better security. Video Conferencing Technology implemented that allows users in different locations to hold real-time face-to-face meetings, company meetings, job training sessions, or addressing board members.

The Company is moving more towards generating business intelligence reports using IT Infrastructure & implementing collaboration technology to improve productivity through Internet of Things (IOT). The Company operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 and a certificate in that respect has been received from KVQA.

#### RESEARCH AND DEVELOPMENT (R&D)

Research and Development Team continued its focus on meeting customer requirements, developing new technologies and processes. R&D Team has developed many new processes that will help in sustenance for present and long term business plans.

R&D Team is providing end to end solutions, from Product to Manufacturing process development, Automation, Quality control and Continuous improvement etc., making RICO a preferred supplier.

R&D Team has developed many new components for **Electric Vehicles**, Engine & Transmission Parts for 4 Wheelers and BS VI Parts & Clutches for 2 Wheelers. Team has Indigenously developed paper type friction material for clutches.

#### CAUTIONARY NOTE

This report contains certain forward-looking statements. All such statements are subject to risks and uncertainties. Actual results could differ materially from those expressed or implied.



**BUSINESS RESPONSIBILITY REPORT**  
[Under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**INTRODUCTION**

Rico Auto Industries Limited is an established and reputed engineering group focused on the Automobile Industry. The Company manufactures and supplies a broad range of high-precision fully machined aluminium and ferrous components to leading two-wheeler and four-wheeler OEMs across the globe. The Company's integrated services include design, development, tooling, casting, machining, assembly and research across aluminium and ferrous products. The Business Responsibility disclosures in this Report demonstrate the Company's efforts towards creating and enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by Ministry of Corporate Affairs and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Report provides an overview of the activities carried out by the Company under each of the nine principles as outlined in NVGs.

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1.	<b>Corporate Identity Number (CIN) of the Company</b>	L34300HR1983PLC023187	
2.	<b>Name of the Company</b>	Rico Auto Industries Limited	
3.	<b>Registered Address</b>	38 KM Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	
4.	<b>Website</b>	www.ricoauto.in	
5.	<b>E-mail id</b>	cs@ricoauto.in	
6.	<b>Financial Year reported</b>	1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021	
7.	<b>Sector(s) that the Company is engaged in (industrial activity code-wise)</b>	NIC Code No.	29301
		Product Description	Manufacturing of auto components for motor vehicles such as Clutches, Panel, Housing etc.
8.	<b>List three key products/services that the Company manufactures/provides (as in balance sheet)</b>	Clutch, Panel and Housing	
9.	<b>Total number of locations where business activity is undertaken by the Company</b>	The Company has two subsidiaries outside India engaged in the trading of Auto Components and providing warehousing, logistics and last mile support to our OEM and Tier-I customers in North America, Mexico and European Markets.	
	<b>(a) Number of International Locations (Provide details of major 5)</b>		
10.	<b>(b) Number of National Locations</b>	<b>State/Union Territory</b>	<b>Location</b>
		Haryana	Gurugram, Distt. Gurugram and Bawal, Distt. Rewari
		Uttarakhand	Begumpur, Distt. Haridwar
		Tamil Nadu	Oragadam, Distt. Kanchipuram (Chennai)
		Rajasthan	Pathredi, Distt. Alwar
		Gujarat	Halol, Distt. Panchmahal
10.	<b>Markets served by the Company – Local/State/National/ International</b>	National and International (By the Company and its Subsidiaries)	

**SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON 31/03/2021**

1.	<b>Paid up Share Capital (INR)</b>	₹13.52 crores
2.	<b>Total Turnover (INR)</b>	₹1304.70 crores
3.	<b>Total profit/(loss) after taxes (INR)</b>	₹ (5.76) crores
4.	<b>Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)</b>	Total amount incurred on CSR for 2020-21 is ₹90.24 Lakhs which is 2.01% of average net profits of the Company made during the three immediately preceding financial years.
5.	<b>List of activities in which expenditure in 4 above has been incurred</b>	The CSR amount is spent in following broad areas: i) Promoting healthcare including preventive healthcare ii) Rural Development Projects iii) Promoting Education and Sports iv) Sanitation  (For detailed activities refer CSR Report as Annexure to the Board's Report)

## SECTION C: OTHER DETAILS

1.	<b>Does the Company have any Subsidiary Company/Companies?</b>	Yes, the following are Subsidiary Companies: i. AAN Engineering Industries Limited – Wholly Owned Subsidiary ii. Rico Auto Industries Inc., USA – Wholly Owned Subsidiary iii. Rico Auto Industries (UK) Limited – Wholly Owned Subsidiary iv. Rico Investments Limited – Wholly Owned Subsidiary (w.e.f. 7 <sup>th</sup> July 2021) v. Rico Fluidtronics Limited – Subsidiary vi. Rico Friction Technology Limited – Subsidiary (Formerly Metal Art Friction Pvt. Ltd.) (w.e.f. 30 <sup>th</sup> December, 2020) vii. Rasa Autocom Limited – Stepdown Subsidiary viii. Rico Jinfei Wheels Limited – Stepdown Subsidiary ix. Rico Aluminium and Ferrous Auto Components Limited – Stepdown Subsidiary  (For more details refer Form AOC-1, which forms part of the Annual Report)
2.	<b>Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such Subsidiary Company(s)</b>	Yes, Subsidiary Companies are encouraged to participate in the Business Responsibility (BR) initiatives of the Company. The details of Subsidiaries of the Company form part of the Financial Statements of the Annual Report.
3.	<b>Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, More than 60%)</b>	BR initiatives are limited to operations of the Company. The other entities do not participate in the BR initiatives of the Company.

## SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

## 1. Details of Director/Directors responsible for BR

## (a) Details of the Director responsible for implementation of the BR policy/policies

DIN	Name	Designation
00096308	Shri Arvind Kapur	Chairman, CEO & Managing Director

## (b) Details of the BR head

Sl. No.	Particulars	Details	
1.	DIN Number (if applicable)	Not Applicable	Not Applicable
2.	Name	Shri Surendra Singh	Shri Rakesh Kumar Sharma
3.	Designation	President & Chief Operating Officer	Chief Financial Officer
4.	Telephone number	0124 2824504	0124-2824226
5.	E-mail ID	surendrasingh@ricoauto.in	rakeshsharma@ricoauto.in

## 2. Principle-wise (as per NVGs) BR Policy/Policies

- Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- Principle 3 Businesses should promote the wellbeing of all employees
- Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- Principle 5 Businesses should respect and promote human rights
- Principle 6 Businesses should respect, protect and make efforts to restore the environment
- Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- Principle 8 Businesses should support inclusive growth and equitable development
- Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

2(a). **Details of Compliance (Reply in Y/N)**

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Yes								
2.	Has the policy being formulated in consultation with the relevant stakeholders?	The policy(s) has been framed keeping in mind the interests of the stakeholders at large.								
3.	Does the policy conform to any national/international standards? If yes, specify?	All policies conform to national/international standards wherever applicable.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Yes								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Yes								
6.	Indicate the link for the policy to be viewed online?	Policies are available on the website of the Company <a href="https://www.ricoauto.in/investor-relation.html">https://www.ricoauto.in/investor-relation.html</a> The policies which are internal to the Company are available on the intranet of the Company.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?									
8.	Does the company have in-house structure to implement the policy/policies?	Yes								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	The Whistle Blower Mechanism provides a platform to report any concerns/grievances pertaining to any potential or actual violation of the Company's code of conduct. Further individual policies by and large prescribe grievance redressal mechanisms for the concerned stakeholders								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Internal Audit function reviews various aspects of the policies from time to time. The Quality, Safety, Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments. No dedicated Business Responsibility Audit has been conducted.								

2(b). **If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options):** Not Applicable

3. **Governance related to BR**

(a)	<b>Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:</b>	Rico Executive Committee (REC) reviews the BR initiatives regularly.
(b)	<b>Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?</b>	Business Responsibility Report is part of this Annual Report and will also be available on the website of the Company.

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability**

1.	<b>Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/ Others?</b>	No, the policy extends to all subsidiaries and their units, and our trainings on ethics and integrity cover all related stakeholders.
2.	<b>How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.</b>	The complaints from investors were received during the financial year. These complaints pertained to non-receipt of dividend/shares/Annual Report etc. These complaints were addressed and were resolved.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1.	<b>List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.</b>	The Company manufactures various auto equipment's viz. clutch, panel for two-wheeler and cylinder block & housing for four-wheeler OEMs across the globe. All of its products pass through rigid quality standards. The Company also adheres to International Organisation for Standards (ISO) certifications guidelines. The Company has ISO 9000, QS 9000 & TS 16949 for Quality Management systems, ISO 14001 for Environment Management systems and ISO 45001;2018 for Occupational Health and Safety.
2.	<b>For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)</b>	The products require high level of energy, water or raw material. The design of the products addresses environment concerns and risk. The Company always make efforts towards optimum utilisation of the resources.
3.	<b>Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</b>	As a part of our sourcing strategy, we have process and procedure in place from sourcing end to end supply chain. Some key process includes Supplier selection - Complete evaluation of supplier on management/technology & design control/ process/quality control/process control, Advanced Product Quality Planning (APQP) cycle for complete development to Standard Operating Procedure (SOP) and Vendor monitoring on Quality Cost Delivery Development (QCDD) aspect.
4.	<b>Has the Company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</b>	Yes, the Company procures various goods and services from local and small vendors as per their capacity. The Company regularly undertakes initiatives to support its vendors in the entire supply chain.
5.	<b>Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as &lt;5%, 5-10%, &gt;10%). Also, provide details thereof, in about 50 words or so.</b>	The Company recycles material and wastes, wherever possible. The waste, which cannot be re-used is disposed off in an effective manner in compliance with applicable statutory provisions.

**Principle 3: Businesses should promote the wellbeing of all employees**

1.	<b>Please indicate the Total number of employees.</b>	1598 employees as on 31 <sup>st</sup> March, 2021 (On payroll employees)
2.	<b>Please indicate the Total number of employees hired on temporary/contractual/casual basis.</b>	2730 employees as on 31 <sup>st</sup> March, 2021
3.	<b>Please indicate the Number of permanent women employees.</b>	66 women employees as on 31 <sup>st</sup> March, 2021 (included in Point 1 above)
4.	<b>Please indicate the Number of permanent employees with disabilities.</b>	1 (One) employee as on 31 <sup>st</sup> March, 2021
5.	<b>Do you have an employee association that is recognized by management.</b>	Yes, we have employee association which is registered under the Trade Union Act, 1926 in Gurugram & Dharuhera.
6.	<b>What percentage of your permanent employees is members of this recognized employee association?</b>	Less than 23% of the permanent employees are members of this recognized employee association.

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year**

S. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on 31.03.2021
a)	Child labour/forced labour/ involuntary labour	Nil	Nil
b)	Sexual Harassment	Nil	Nil
c)	Discriminatory Employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

a)	Permanent Employees	All category of employees has to undergo mandatory induction, safety and refresher trainings
b)	Permanent Women Employees	
c)	Casual/Temporary/Contractual Employees	
d)	Employees with Disabilities	

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

1.	Has the Company mapped its internal and external stakeholders? Yes/No	Yes
2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	The Company through its various CSR initiatives have taken special steps towards supporting and developing disadvantaged and marginalized stakeholders. The Company is supporting in education of differently abled children and also promoting employability by skill development of weaker section of the society.

**Principle 5: Businesses should respect and promote human rights**

1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	The Company ensures compliance with all applicable laws and strives to uphold the human rights of all its internal and external stakeholders. In this regard, quarterly compliance certificates are submitted to the Board.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaint was received pertaining to human rights violation during the financial year ended 31 <sup>st</sup> March, 2021.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.	The policies extend to the Company and to its subsidiary companies.
2.	Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.? Y/N. If yes, please give hyperlink for webpage etc.	The Company is concerned about the global environmental issues. In support to this the Company has plans to use solar power in its plants to save global warming and environmental issues.
3.	Does the Company identify and assess potential environmental risks? Y/N	Yes.
4.	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company consistently strive towards creating and preserving a cleaner, healthier and safe work environment.
5.	Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, the Company has plans to use solar power in its plants to save global warming and environmental issues. The Company is in advance stage of negotiation with supplier of solar power and expects to start in FY 2021-22
6.	Are the Emissions/Waste generated by the Company within the permissible limits given by Central and State Pollution Control Boards for the financial year being reported?	Yes, these are within the permissible limits prescribed by Central and State Pollution Control Boards.
7.	Number of show cause/legal notices received from Central and State Pollution Control Boards which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	Nil

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1.	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	a) Automotive Component Manufacturer’s Association (ACMA) b) Confederation of Indian Industry (CII) c) Gurgaon Industrial Association (GIA) d) NCR Chamber of Commerce & Industry e) PHD Chamber of Commerce & Industry
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)	The Company as a part of Industry makes representations, recommendations and opinion before above Chambers and Associations for making regulatory changes pertaining to the growth of the Industry.

**Principle 8: Businesses should support inclusive growth and equitable development**

1.	<b>Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.</b>	The Company is committed to programmes and initiatives with regard to education, green plantation, eradication of hunger and malnutrition.
2.	<b>Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/ any other organization?</b>	The various CSR programmes/projects have been undertaken through integrated in-house team and NGOs.
3.	<b>Have you done any impact assessment of your initiative?</b>	The Company believes that every activity should result in some impact which can be measured through parameters specific to the activity. These assessments are presently done internally on a periodic basis.
4.	<b>What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.</b>	Please refer CSR Report as annexed to Directors' Report.
5.	<b>Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.</b>	Most of our programs emerge from a community needs assessment and are delivered in close partnership with them. Several of our initiatives, such as, Promoting Education, Infrastructure development in rural areas & Conservation of Natural Resources are in complete collaboration with the local Villagers.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1.	<b>What percentage of customer complaints/ consumer cases are pending as on the end of financial year.</b>	The Company promptly addresses all customer issues and there are no customer issues pending as on 31 <sup>st</sup> March, 2021
2.	<b>Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)</b>	The information is displayed on products as required by applicable laws and customers requirement.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

Particulars	No. of cases filed in the last five years	No. of cases pending as on 31.03.2021	Remarks
Alleged Unfair Trade Practices	Nil	Nil	N.A
Alleged Irresponsible Advertising	Nil	Nil	N.A
Alleged Anti-Competitive Behavior	Nil	Nil	N.A

4. **Did your Company carry out any consumer survey/consumer satisfaction trends?**

Regular feedbacks are received from the Customers and corrective actions are taken. The Company's endeavour is to achieve the highest level of satisfaction and perform their operation accordingly

## ANNEXURE TO DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

#### COMPANY'S PHILOSOPHY

The Company's philosophy of Corporate Governance aims to maximize long-term stakeholders value. It is a combination of many factors to achieve the objectives of transparency, full disclosure, a system of checks and balances between the Shareholders, Directors, Auditors and the Management. Your Company's Board comprises of not only Promoter Directors, but professionally competent Non-Executive and Independent Directors who have effective control over the affairs of the Company. The Board on a continuous basis monitors implementation of decisions taken and at the same time provides the management and employees a stable environment to plan and execute strategy.

The Company is in compliance with the requirements of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the compliance report for the period from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021 on the Corporate Governance is given below:

#### 1. COMPOSITION OF BOARD

Rico Auto's Board consists of Ten Directors –Two Executive Directors, One Non-Executive Woman Director and Seven Independent Directors including one Woman Independent Director. They all have with them considerable experience in their respective fields. The Chairman of the Board is an Executive Director.

Particulars of Directors of the Company and their Directorship in other Companies, Membership/Chairmanship in committees across all Companies in which they are Directors and shareholding in the Company as on 31<sup>st</sup> March, 2021 are as follows:

Name of the Director/Category	DIN	Number of Committees		Number of other Directorship held*	Shareholding as on 31/03/2021
		Membership held*	Chairmanship held*		
<b>Non-Executive Independent Directors</b>					
Shri Kanwal Monga	00153473	–	–	1	Nil
Shri Amarjit Chopra	00043355	–	4	3	Nil
Dr. Ashok Seth	00050540	–	–	–	25000
Shri Satish Sekhri	00211478	2	1	3	1900
Shri Rajeev Kapoor	02051466	2	–	1	Nil
Shri Vinod Kumar Nagar	02487061	2	–	–	Nil
Ms. Sarita Kapur**	08848507	–	–	–	Nil
<b>Non-Executive Director</b>					
Smt. Upasna Kapur	00327461	–	–	1	3453384
<b>Executive &amp; Promoter Directors</b>					
Shri Arun Kapur, Joint Managing Director	00100270	1	1	1	8770849
Shri Arvind Kapur, Chairman, CEO & MD	00096308	2	–	6	12685960

\* Excluding Private Limited Companies, Foreign Companies and LLPs.

\*\* Ms. Sarita Kapur appointed as Independent Director on 28<sup>th</sup> August, 2020.

• Except Shri Arvind Kapur, Shri Arun Kapur and Smt. Upasna Kapur being related to each other, no other Directors are inter-se related.

There are no pecuniary relationship or transactions of Independent Directors vis-à-vis the Company. Only two Committees viz. the Audit Committee and Stakeholders Relationship Committee are considered for the purpose of ascertaining the membership and chairmanship of the Directors. None of the Director is either a member of more than ten aforesaid Board Committees or Chairman of more than five such Committees.

#### List of Core Skills/Expertise/Competencies identified by the Board of Directors

Chart of core skills/expertise/competencies identified by the Board of Directors in context of the Company's Business and sector for it to function effectively and actually available with Board:

Name of Director	List of Core Skills/Expertise/Competencies
Shri Kanwal Monga	Management, Business Advisory, Project Management, Strategy and Finance.
Shri Amarjit Chopra	Strategy, Management, Accounting, Auditing, Taxation, Budgeting, Costing, Investment, Corporate Laws, Corporate Banking and Finance.
Dr. Ashok Seth	Management, CSR and Human Resource Management.
Shri Satish Sekhri	Engineering, Operation, Strategy, Manufacturing, Management, Budgeting, Costing, Investment, Sales and Marketing.
Shri Rajeev Kapoor	Operation, Engineering, Manufacturing, Management, Marketing, Budgeting, Costing, Investment, Project Management, Performance Analysis, Project Financing, Corporate Banking and Risk Management.
Shri Vinod Kumar Nagar	Project Financing, Strategy, Planning & Resources, Budgeting, Costing and Corporate Banking.
Ms. Sarita Kapur*	Legal Advisory Services, Contractual and Commercial matters, Public and Private International laws, Employment laws, Personal laws, Succession and trusts, Practicing Mediator affiliated with Samadhan, Delhi High Court, Accredited by the Ministry of Corporate Affairs and the Chartered Institute of Arbitrators, UK.
Smt. Upasna Kapur	Commercial, Human Resource Management and General Administration.
Shri Arun Kapur	Marketing, Export, General Administration, Human Resource Management and Strategy.
Shri Arvind Kapur	Management, Project Management, Purchase and Supply Chain Management, Strategy, Budgeting, Finance, Operations, Marketing, Production, Costing, Investment and Human Resource Management.

\*Ms. Sarita Kapur appointed as Independent Director on 28<sup>th</sup> August, 2020.

The name of listed entities (including this Company), where the Directors of the Company as on 31<sup>st</sup> March, 2021, hold directorship and the category thereof are furnished below:

Name of Director	Name of listed entity in which Directorship held	Category of Directorship
Shri Kanwal Monga	Rico Auto Industries Limited	Independent
Shri Amarjit Chopra	Rico Auto Industries Limited	Independent
Dr. Ashok Seth	Rico Auto Industries Limited	Independent
Shri Satish Sekhri	Rico Auto Industries Limited Minda Industries Limited	Independent Independent
Shri Rajeev Kapoor	Rico Auto Industries Limited Lumax Industries Limited	Independent Independent
Shri Vinod Kumar Nagar	Rico Auto Industries Limited	Independent
Ms. Sarita Kapur*	Rico Auto Industries Limited	Independent
Smt. Upasna Kapur	Rico Auto Industries Limited	Non-Independent
Shri Arun Kapur	Rico Auto Industries Limited	Executive
Shri Arvind Kapur	Rico Auto Industries Limited Sandhar Technologies Limited Subros Limited	Executive Independent Independent

\*Ms. Sarita Kapur appointed as Independent Director on 28<sup>th</sup> August, 2020.

#### A. Managing Director and Joint Managing Director

The Company has one Managing Director and one Joint Managing Director who are responsible for overall management, planning, policy, strategy, operations, marketing, production, sales subject to the superintendence, control and direction of the Board of Directors. The Managing Director & Joint Managing Director are being paid remuneration as prescribed under the Companies Act, 2013. The remuneration being paid is recommended by the Nomination and Remuneration Committee followed by the approval from the Board and Shareholders. No sitting fee is being paid to them.

#### B. Board Meetings

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. In case of business exigencies, the Board's approval is taken by way of circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

The notice of each Board Meeting is given in writing to each Director. The Agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the meeting. This ensures timely and informed decisions by the Board. The attendance of Directors at the Board Meetings and at the last Annual General Meeting is as under:



Name of the Director	Number of Board Meetings		Attended Last AGM*
	Held	Attended	
Shri Kanwal Monga	4	4	Yes
Shri Amarjit Chopra	4	4	Yes
Dr. Ashok Seth	4	2	No
Shri Satish Sekhri	4	4	Yes
Shri Rajeev Kapoor	4	4	Yes
Shri Vinod Kumar Nagar	4	4	Yes
Ms. Sarita Kapur**	4	3	Yes
Smt. Upasna Kapur	4	4	Yes
Shri Arun Kapur	4	4	Yes
Shri Arvind Kapur	4	4	Yes

\* 37<sup>th</sup> Annual General Meeting (AGM) held on 12<sup>th</sup> November, 2020 at the Registered Office of the Company through Video Conferencing.

\*\* Ms. Sarita Kapur appointed as Independent Director on 28<sup>th</sup> August, 2020.

The Board met four times during the financial year 2020-21. The meetings were held on 17/06/2020, 28/08/2020, 06/11/2020 and 12/02/2021. The interval between any two meetings was well within the maximum period of 120 days.

### C. Post Meeting Follow-up

The Board has an effective post meeting follow-up procedures. At every Board Meeting a status statement pertaining to the decisions taken by the previous Board Meetings is discussed keeping in view the action taken or to be taken.

### D. Familiarisation Programme for Independent Directors

The Company from time to time familiarises the Independent Directors about the Company, its product, business and the ongoing events relating to the Company through presentations. The appointment of an Independent Director is formalised by issuing a letter to the Director, which inter alia explains the role, function, duties and responsibilities expected from him as a Director of the Company.

The Executive Director of the Company also provides a brief of the development in the industry and business operations of the Company to the Directors at the Board Meetings on regular basis. The details of familiarization programmes imparted to Independent Directors is available on the website of the Company viz. <https://www.ricoauto.in/investor-relation.html>

### E. Board Evaluation

Your Company understands the requirements of an effective Board Evaluation process and accordingly conducts a Performance Evaluation every year in respect of the following:

- The Board as a whole.
- Committees of the Board.
- Individual Directors including the Chairman of the Board.

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations and the Guidance Note of Board Evaluation issued by SEBI in January, 2017, your Company has carried out Performance Evaluation in respect of above for the financial year ended 31<sup>st</sup> March, 2021.

During the year, the Board adopted the process of evaluation through circulation of evaluation forms, discussions and also made an oral assessment of its functioning in accordance with the requirements of the Companies Act, 2013, the Listing Regulations and the goal of the Company. The members of the Board during the year also availed opportunities of interaction through virtual mode which helped them in making assessment of the functioning of the Board. Further in the like manner, the functioning of the Committees was also evaluated. The Independent Directors also interacted amongst themselves and with the Chairman. The overall assessment of the Board was that it was functioning as a cohesive body including the Committees of the Board that were functioning well with periodic reporting by the Committees to the Board on the work done and progress made during the period. Based on the aforesaid Performance Evaluation, your Board decided to continue the terms of appointment of the Chairman, Independent Directors, Executive Directors and the Non-Executive Directors.

### F. Independent Directors

Independent Directors of the Company met separately on 26<sup>th</sup> March, 2021, without the presence of Non-Independent Directors and members of Management. Except Dr. Ashok Seth, all the Independent Directors were present at the meeting through virtual mode. In accordance with the provisions of Listing Regulations and the Companies, Act, 2013, following matters were, inter alia, reviewed and discussed in the meeting:

- Performance of Non-Independent Directors and the Board as a whole;
- Performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors; and
- Assessment of the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 2. COMMITTEES OF THE BOARD

The Board of Directors have constituted Committees to deal with specific areas and activities which concern the Company and need a closer review. The Board Committees are formed and their scopes are defined with approval of the Board. These Board Committees play an important role in overall management of day-to-day affairs and governance of the Company. The Board Committees meet at

regular intervals, takes necessary steps to perform its duties entrusted by the Board. To ensure good governance, the Minutes of the Committee Meetings are placed before the Board on regular basis.

The Board has the following Committees:

#### A. AUDIT COMMITTEE

The Company has an Audit Committee since 1996 and is fully operational. The Committee consists of four Independent Directors as on 31<sup>st</sup> March, 2021. The Chairman is a Chartered Accountant and other being well qualified and experienced in the field of accounting matters, financial reporting and internal controls. The Composition, quorum, power, role and scope of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and provisions of Regulation 18 of the Listing Regulations which include amongst others:

- Reviewing of financial reporting system, internal controls system, discussion on financial results and interaction with auditors;
- Recommendation for the appointment of Auditors and their remuneration;
- Reviewing of internal audit reports and significant related party transactions; and
- Reviewing the function of Vigil Mechanism/Whistle Blower Policy. The composition and attendance of the Audit Committee is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Amarjit Chopra	Chairman	6	6
Shri Rajeev Kapoor	Member	6	6
Shri Vinod Kumar Nagar	Member	6	6
Shri Satish Sekhri*	Member	6	6

\*On re-constitution of this Committee w.e.f. 31<sup>st</sup> May, 2021, Shri Satish Sekhri ceased to be member and Shri Arvind Kapur appointed as member.

The Audit Committee met six times during the financial year 2020-21. The meetings were held on 12/06/2020, 17/06/2020, 28/08/2020, 06/11/2020, 03/12/2020 and 12/02/2021.

Besides the Chief Financial Officer, both Statutory Auditors and Internal Auditors regularly attend the Audit Committee Meetings and the Audit Committee discuss with them various issues.

The Statutory Auditors, Internal Auditors, Cost Auditors and Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

The Minutes of each Audit Committee Meeting are placed before the Meetings of the Board. The Company Secretary acts as Secretary to the Committee.

#### B. NOMINATION AND REMUNERATION COMMITTEE

The Company has Nomination and Remuneration Committee to comply with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The scope of the Committee include amongst others:

- Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management.
- Fixation of salary, perquisites etc. of all Executive Directors of the Company at the time of their appointment/re-appointment.
- Deciding commission payable to Executive Directors and Non-Executive Directors.
- Formulate the criteria for determining qualification, positive attributes and independence of a Director.
- Identify persons who qualify to become Director and who may be appointed in Senior Management and recommend to the Board for their appointment.
- Formulate the criteria for effective evaluation of performance of Board, its committees and individual directors.
- Devising a policy on diversity of the Board of Directors.

##### i) Composition & Attendance

The Nomination and Remuneration Committee consists of four Independent Directors and one Executive Director as on 31<sup>st</sup> March, 2021. The Committee Meetings were held on 17/06/2020, 28/08/2020 and 12/02/2021 during the financial year 2020-21. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Satish Sekhri*	Chairman	3	3
Shri Kanwal Monga	Member	3	3
Shri Amarjit Chopra	Member	3	3
Shri Rajeev Kapoor	Member	3	3
Shri Arvind Kapur	Member	3	3

\*On re-constitution of this Committee w.e.f. 31<sup>st</sup> May, 2021, Shri Satish Sekhri ceased to be member and Shri Kanwal Monga designated as Chairman of this Committee.

The Minutes of each Committee Meeting are placed before the Meetings of the Board. The Company Secretary acts as Secretary to the Committee.

ii) **Performance Evaluation Criteria for the Board, its Committees and Individual Directors**

The Committee has formulated evaluation criteria for Board, its Committees and Individual Directors which is broadly based on knowledge & expertise to perform the role, competency & professional experience, board engagement & time commitment and integrity & honesty.

iii) **Remuneration to Directors**

The Non-Executive Directors are entitled to sitting fee and commission based on Net Profit of the Company, as per provisions of the Companies Act, 2013 to be divided among them as may be determined by the Nomination and Remuneration Committee, Board of Directors and the Shareholders of the Company.

Remuneration to the Managing Director and Joint Managing Director is governed by resolutions passed by the Nomination and Remuneration Committee, Board of Directors and Shareholders of the Company, which cover the terms of appointment and payment of remuneration. The remuneration is by way of salary, perquisites, allowances (fixed components) and commission (variable components) on net profits of the Company subject to overall ceiling of 10 per cent as stipulated in Section 197 & 198 of the Companies Act, 2013 read with Regulation 17(6)(d) of the Listing Regulations. The details and terms of appointment and remuneration are as covered under the resolutions passed by the Shareholders.

Besides the above, there are no other pecuniary relationships or transactions with the Company. Neither Managing Director nor Joint Managing Director received any remuneration or commission from any of the Company's Subsidiaries, except sitting fee received by Shri Arvind Kapur, Managing Director for attending the Board Meeting of two of our Subsidiary Companies.

(₹ in Lakhs)

Name of the Director	Sitting Fees	Salary	Perks	Commission	Total
<b>Non-Executive Directors</b>					
Shri Kanwal Monga	3.00	N.A.	N.A.	Nil	3.00
Shri Amarjit Chopra	7.50	N.A.	N.A.	Nil	7.50
Dr. Ashok Seth	1.50	N.A.	N.A.	Nil	1.50
Shri Satish Sekhri	7.50	N.A.	N.A.	Nil	7.50
Shri Rajeev Kapoor	7.50	N.A.	N.A.	Nil	7.50
Shri Vinod Kumar Nagar	7.50	N.A.	N.A.	Nil	7.50
Ms. Sarita Kapur*	2.25	N.A.	N.A.	Nil	2.25
Smt. Upasna Kapur	3.00	N.A.	N.A.	Nil	3.00
<b>Executive Directors</b>					
Shri Arun Kapur	N.A.	29.25	0.40	Nil	29.65
Shri Arvind Kapur	N.A.	280.23	56.68	Nil	336.91

\* Ms. Sarita Kapur appointed as Independent Director on 28<sup>th</sup> August, 2020.

iv) **Remuneration Policy**

The Company has adopted a policy relating to the remuneration for Directors, Senior Management, Key Managerial Personnel and other Employees of the Company. The same is available on the website of the Company viz. <https://www.ricoauto.in/investor-relation.html>

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent.

v) **Stock Option**

At present the Company has no stock option plans.

**C. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee consists of two Independent Directors and one Executive Director. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Amarjit Chopra	Chairman	4	4
Shri Vinod Kumar Nagar	Member	4	4
Shri Arun Kapur	Member	4	4

The Stakeholders Relationship Committee met four times during the financial year 2020-21. The meetings were held on 17/06/2020, 28/08/2020, 06/11/2020 and 12/02/2021. The Committee deals in matters relating to redressing of investors complaints such as non-receipt of shares, non-receipt of dividends and other related matters.

The Minutes of each Committee Meeting are placed before the meetings of the Board. Shri B.M. Jhamb, Company Secretary acts as Secretary to the Committee and is also the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended 31<sup>st</sup> March, 2021 were Four (4). There were no pending complaints as on 31<sup>st</sup> March, 2021.

**D. SHARE TRANSFER COMMITTEE**

The Share Transfer Committee consists of two Independent Directors and two Executive Directors. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Arvind Kapur	Chairman	2	2
Shri Vinod Kumar Nagar	Member	2	2
Shri Arun Kapur	Member	2	2
Shri Rajeev Kapoor	Member	2	2

The Share Transfer Committee met two times during the financial year 2020-21. The meetings were held on 05/12/2020 and 08/01/2021. The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate and split share certificates, review of dematerialized and rematerialized shares.

The Minutes of each Committee Meeting are placed before the meetings of the Board. The Company Secretary acts as Secretary to the Committee.

**E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The CSR Committee has been constituted pursuant to the provisions of Section 135 of the Companies Act, 2013 consisting of three Independent Directors and one Executive Director. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Rajeev Kapoor	Chairman	4	4
Dr. Ashok Seth	Member	4	2
Shri Vinod Kumar Nagar	Member	4	4
Shri Arun Kapur	Member	4	4

The terms of reference of the CSR Committee are as under:

- Formulate and recommend to the Board a Corporate Social Responsibility Policy and its review from time to time;
- Ensure effective implementation and monitoring of the CSR activities as per approved policy, plans and budget; and
- Ensure compliance with law, rules and regulations governing CSR and to periodically report to the Board.

The CSR Committee met four times during the financial year 2020-21. The meetings were held on 17/06/2020, 28/08/2020, 06/11/2020 & 12/02/2021.

The Minutes of each Committee Meeting are placed before the meetings of the Board. The Company Secretary acts as Secretary to the Committee.

The Company has CSR Policy which is available at Company website <https://www.ricoauto.in/investor-relation.html>. The CSR Report for the financial year 2020-21 is annexed with the Directors' Report.

**F. RISK MANAGEMENT COMMITTEE**

The Risk Management Committee of the Company as on 31<sup>st</sup> May, 2021 consists the following members:

S.No.	Name of the Director	Position held
1.	Shri Rajeev Kapoor	Chairman
2.	Shri Kanwal Monga	Member
3.	Shri Amarjit Chopra	Member
4.	Shri Arvind Kapur	Member

Shri B.M. Jhamb, Company Secretary acts as Secretary to the Committee.

The scope of the Committee includes amongst others:

- Formulation of Risk Management Policy;
- Appointment, removal and terms of remuneration of the Chief Risk Officer;
- Appointment of consultant or professional to frame Risk Management Plans including policy and for subsequent monitoring and evaluation thereof;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity; and
- To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken.

### 3. DETAILS OF GENERAL BODY MEETINGS

Financial Year	Type of Meeting	Location of Meeting	Date	Time
2017-2018	35 <sup>th</sup> AGM	Registered Office at Gurugram	29/09/2018	12.00 Noon
2018-2019	36 <sup>th</sup> AGM	Registered Office at Gurugram	30/09/2019	12.00 Noon
2019-2020	37 <sup>th</sup> AGM	Through Video Conferencing	12/11/2020	12.00 Noon

The following Special Resolutions were taken up in the AGMs held during the last three financial years and were passed with the requisite majority:

#### 35<sup>th</sup> AGM (29/09/2018)

No Special Resolution(s) was passed at this Meeting.

#### 36<sup>th</sup> AGM (30/09/2019)

1. Re-appointment of Shri Kanwal Monga (DIN: 00153473) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
2. Re-appointment of Shri Amarjit Chopra (DIN: 00043355) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
3. Re-appointment of Dr. Ashok Seth (DIN: 00050540) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
4. Re-appointment of Shri Satish Sekhri (DIN: 00211478) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
5. Re-appointment of Shri Rajeev Kapoor (DIN: 02051466) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
6. Re-appointment of Shri Vinod Kumar Nagar (DIN: 02487061) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
7. Approval for continuation of payment of remuneration to Executive Directors as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 37<sup>th</sup> AGM (12/11/2020)

1. Payment of Commission to Non-Executive Directors
2. Re-appointment of Shri Arun Kapur (DIN:00100270), Joint Managing Director and payment of Remuneration.

#### Postal Ballot

During the financial year 2020-21, no resolution was passed through Postal Ballot.

### 4. DISCLOSURES

#### i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions. There are no materially significant Related Party Transactions, which have potential conflict with the interests of the Company at large.

All Related Party Transactions are presented to the Audit Committee and Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature.

#### ii) 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 the capital markets, during the last three years:

No penalties, strictures were imposed on the Company by Stock Exchanges or SEBI or by any Statutory Authorities, on any matter relating to capital markets, during the last three years.

#### iii) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee:

Pursuant to section 177(9) of the Companies Act, 2013 and in compliance with the SEBI Regulation the Audit Committee of the Company has approved the policy/mechanism on dealing with Whistle Blowers. The Audit Committee reviews the same as and when required. The said policy/mechanism is also available on Company's website at <https://www.ricoauto.in/investor-relation.html>. During the financial year under review, no complaint was received to be referred to the Audit Committee and no person was denied access to the Audit Committee.

#### iv) Risk Management:

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are subject to review to ensure that management controls risks through means of a properly defined framework. The compliance statements regarding the insurance policy, coverage and settlement of claims thereof is presented to the Audit Committee on quarterly basis.

v) **Disclosure of Accounting Treatment:**

The Company has prepared its financial statement as per the Indian Accounting Standards (IndAS) prescribed by Institute of Chartered Accountants of India (ICAI). There is no deviation in the Accounting Treatment.

vi) **Preferential Issue:**

During the financial year 2020-21, no Preferential Issue was made.

vii) **Management Discussion and Analysis (MDA):**

A MDA Report which forms part of the Annual Report is given by means of a separate annexure attached to the Directors' Report.

viii) **Compliance with Mandatory Requirements:**

The Company has obtained a Certificate from the Company Secretary in Practice to the effect that the Company has complied with the conditions of the Corporate Governance. The same is annexed and sent along with the Annual Report of the Company to all the Shareholders and to the Stock Exchanges.

ix) **Adoption of the Non-Mandatory Requirements:**

The Compliance Status of the Non-Mandatory requirements of the Regulation 27(1) of the Listing Regulations is as under:

a) **The Board**

Maintenance of Chairman Office - As the Company has an Executive Chairman, disclosure is not required.

b) **Shareholder Rights**

The Company regularly publishes its quarterly results in the newspapers. These results are also available on Company's website at <https://www.ricoauto.in/investor-relation.html>. A half-yearly declaration of financial performance including summary of significant events is presently not being sent to each household of shareholders.

c) **Audit Qualifications**

During the financial year under review, there is no audit qualification in Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

d) **Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee on quarterly basis.

x) **Related Party Transactions**

The Company has adopted policies on material subsidiaries and dealing with related party transactions which are available on the website of the Company viz. <https://www.ricoauto.in/investor-relation.html>

xi) **Commodity Price Risk/Foreign Exchange Risk and Hedging Activities**

The Company manages its Commodity Price Risks by Linked Indexation with its customers which are settled quarterly as per benchmark reference. Similarly on Foreign Exchange Risk, the Company has Robust Exports and enjoys a Natural Hedge over the Imports/Borrowings denominated in Foreign Currency. It has an elaborate Forex Policy which is approved by the Board. The details of the Foreign Currency Exposure as on 31<sup>st</sup> March, 2021 are disclosed in notes of the Standalone Financial Statements.

**5. MEANS OF COMMUNICATION**

## i) Quarterly/Annual Results are published in the following Newspapers:

- a) Business Standard (English Newspaper) Delhi & Mumbai
- b) Veer Arjun (Hindi Newspaper) Delhi

ii) Quarterly/Annual Results and Shareholding Pattern are displayed on Company's website at <https://www.ricoauto.in/investor-relation.html> and all important/price sensitive information are submitted to the BSE/NSE where the shares of the Company are listed and these Stock Exchanges display these announcements on their respective websites.iii) The Company's official press releases and any presentation made to the Institutional Investors or/and Analysts are displayed on website of the Company viz. <https://www.ricoauto.in/investor-relation.html>

## iv) The Shareholder Information section forms part of the Report.

**6. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT**

Shri K.K. Sachdeva of M/s. K.K. Sachdeva & Associates, Company Secretaries (CP No.4721, FCS No.7153) carried out Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital as on 31<sup>st</sup> March, 2021 is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Report is being submitted to the Stock Exchanges and is also placed before the Board Meetings from time to time for confirmation.

**7. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES**

Pursuant to SEBI (Prohibition of Insider Trading Regulations), 2015, the Company has a Board approved Code of Conduct to regulate, monitor and report trading by insiders ('Code of Conduct') and a Code of Practices and Procedures for Fair Disclosure of Unpublished price sensitive information ('Code of Fair Disclosure').

The Company has also approved Policy and Procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information.

The code of conduct and code of fair disclosure framed by the Company have helped in ensuring compliance with the requirements.

**8. DIVERSITY ON THE BOARD OF THE COMPANY**

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure that the Board of the Company has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company considers a number of factors, including but not limited to skills, industry experience, background and business acumen.

**9. DIRECTORS AND OFFICERS INSURANCE**

The Company has undertaken Directors and Officers Liability Insurance Policy (D and O Insurance) for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Company.

**10. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2020-21.

**11. CREDIT RATINGS**

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2020-21.

**12. CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO) AND COMPLIANCE OFFICER**

Shri Arvind Kapur, Chairman & Managing Director is Chief Executive Officer. Shri Rakesh Kumar Sharma is Chief Financial Officer. Shri B.M. Jhamb, Company Secretary is Compliance Officer.

**13. REQUIREMENTS OF CORPORATE GOVERNANCE**

The Company has complied with Corporate Governance requirements as specified in Regulations 17 to 27 and Clause (b) to (i) of Regulation 46(2) of the Listing Regulations.

**14. CODE OF CONDUCT**

The Company has adopted a Code of Conduct for its Board Members and Senior Management. The Code of Conduct has also been posted on the website of the Company at <https://www.ricoauto.in/investor-relation.html>. The code has been circulated to all the Directors and Senior Management.

The Declaration by the Chief Executive Officer (CEO) of the Company concerning compliance with the Code of Conduct for Board Members and Senior Management is given below:

I hereby confirm that:

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained from all the Board Members and Senior Management personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management in respect of the financial year ended 31<sup>st</sup> March, 2021.

Place : Gurugram  
Date : June 21, 2021

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
(DIN: 00096308)

**15. COMPLIANCE CERTIFICATE TO THE BOARD PURSUANT TO REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

This is to certify that:

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2021 and that to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These financial statements and other financial information included in the report, present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31<sup>st</sup> March, 2021 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee that there are no deficiencies in the design or operation of internal controls.
- d) We have indicated to the Auditors and the Audit Committee:
  - i) that there has not been any significant changes in internal control over financial reporting during the year under report;
  - ii) that there has not been any significant changes in accounting policies; and
  - iii) that we are not aware of any instances during the year under report of any fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Gurugram  
Date : June 21, 2021

**Rakesh Kumar Sharma**  
Chief Financial Officer

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
(DIN: 00096308)



**GENERAL SHAREHOLDERS' INFORMATION**

- 1. Annual General Meeting**  
 Day, Date and Time : Thursday, the 30<sup>th</sup> day of September, 2021 at 12.00 Noon  
 Mode : The Company will conduct the meeting through Video Conferencing ('VC')/Other Audio-Visual Mean ('OAVM').
- 2. Financial Calendar**  
 Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March  
**For the year 2020-21, Results were announced on**  
 First quarter ended 30<sup>th</sup> June, 2020 : 28<sup>th</sup> August, 2020  
 Second quarter and half year ended 30<sup>th</sup> September, 2020 : 6<sup>th</sup> November, 2020  
 Third quarter ended 31<sup>st</sup> December, 2020 : 12<sup>th</sup> February, 2021  
 Fourth quarter and year ended 31<sup>st</sup> March, 2021 : 21<sup>st</sup> June, 2021 (Within extended period by SEBI)  
**For the year 2021-22, Results will be announced on (Tentative)**  
 First quarter ended 30<sup>th</sup> June, 2021 (announced) : 13<sup>th</sup> August, 2021  
 Second quarter and half year ending 30<sup>th</sup> September, 2021 : 12<sup>th</sup> November, 2021  
 Third quarter ending 31<sup>st</sup> December, 2021 : February, 2022  
 Fourth quarter and year ending 31<sup>st</sup> March, 2022 : May, 2022
- 3. Dates of Book Closure** : 24<sup>th</sup> September, 2021 to 30<sup>th</sup> September, 2021 (both days inclusive)
- 4. Dividend Payment Date** : Dividend @ Re.0.20 per share would be paid within 30 days of declaration by the Shareholders in the Annual General Meeting.
- 5. Registered Office** : 38 KM Stone, Delhi-Jaipur Highway, Gurugram - 122001 (Haryana) India
- 6. Registrar and Transfer Agent** : M/s. MCS Share Transfer Agent Limited  
 (Common for Physical Transfer as well as F-65, Okhla Industrial Area, Phase I, Dematerialisation of Shares) New Delhi – 110020
- 7. Plant Locations**

<p><b>Gurugram Plant</b>                      38 KM Stone, Delhi-Jaipur Highway                      Gurugram – 122001 (Haryana) India</p> <p><b>Haridwar Plants</b>                      i) Plot No.1 &amp; 2, Industrial Park IV, Village Begumpur,                      Distt. Haridwar – 249403 (Uttarakhand) India                      ii) Plot No.32, Industrial Park IV, Village Begumpur,                      Distt. Haridwar – 249403 (Uttarakhand) India</p> <p><b>Chennai Plant</b>                      Plot No.A9, SIPCOT Industrial Growth Centre,                      Oragadam, Chennai – 602105 (Tamilnadu) India</p> <p><b>Bawal Plant</b>                      Plot No.21-23, Sector-5, HSIIDC, Phase-II, IMT                      Bawal – 123501, Distt. Rewari (Haryana) India</p> <p><b>Pathredi Plant</b>                      Plot No.SP3 800 &amp; 801, Industrial Area Pathredi,                      Distt. Alwar – 301019 (Rajasthan) India</p> <p><b>Halol Plant</b>                      Survey Number 100/1, 100/2                      Galaxy Export Industries Compound,                      Opp. Maruti Gas Cylinder, GIDC Road, Halol, Gujarat (India)</p> <p><b>Gurugram Plant : Rico Aluminium and Ferrous Auto Components Limited</b>                      38 KM Stone, Delhi-Jaipur Highway                      Gurugram – 122001 (Haryana) India</p>	<p><b>Gurugram Plant : AAN Engineering Industries Limited</b>                      38 KM Stone, Delhi-Jaipur Highway, Gurugram – 122001 (Haryana) India</p> <p><b>Gurugram Plant : Rico Friction Technologies Limited</b>                      (formerly Metalart Friction Private Limited)                      38 KM Stone, Delhi-Jaipur Highway, Gurugram - 122001 (Haryana) India</p> <p><b>Manesar Plant : Rico Jinfei Wheels Limited</b>                      Plot No.397, Sector-8, IMT Manesar,                      Gurugram – 122050 (Haryana) India</p> <p><b>Manesar Plant : Rico Fluidtronics Limited</b>                      Plot No.11, Sector-8, IMT Manesar,                      Gurugram – 122050 (Haryana) India</p> <p><b>Dharuhera Plant</b>                      69 KM Stone, Delhi-Jaipur Highway                      Dharuhera, Distt. Rewari – 123110 (Haryana) India                      (Machinery equipments shifted to other plants and manufacturing closed)</p> <p><b>Sanand Plant</b>                      Plot No.D2, Tata Motors Vendor Park, Village Sanand,                      P.O. Viroch Nagar, Ahmedabad – 382170 (Gujarat) India                      (Given on lease and manufacturing closed)</p> <p><b>Bawal Plant : Rasa Autocom Limited</b>                      Plot No.21, HSIIDC Phase-II, IMT Bawal – 123501                      Distt. Rewari (Haryana) India                      (Machinery and other assets except land and buildigs sold to Rico Auto Industries Limited and manufacturing closed)</p>
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## 8. Share Transfer System

### Physical

The transfer, transmission, remat, split of share certificate and issue of duplicate share certificate are approved by the Share Transfer Committee. This Committee normally meets as and when required to complete the transfer related works within the stipulated period. The shares are transferred and returned within a period of 15 days from the date of receipt, provided that the documents are in order in all respects. The Company obtains from a Company Secretary in Practice half-yearly certificate to the effect that all share certificates have been issued within thirty days of the date of lodgement of the transfer, transmission, sub-division, consolidation and renewal as required under Regulation 40(9) of the Listing Regulations and files copy of the said certificate with Stock Exchanges.

However, as per SEBI vide its notification dated 8<sup>th</sup> June, 2018 and Press Releases dated 3<sup>rd</sup> December, 2018 and 27<sup>th</sup> March, 2019, mandated that after 31<sup>st</sup> March, 2019 no physical securities shall be transferred except in case of transmission or transposition of name in the securities. However, transfer case in physical mode returned under objection prior to 31<sup>st</sup> March, 2019 was allowed to be re-lodged for transfer till 31<sup>st</sup> March, 2021.

### Demat

Requests for dematerialization/re-materialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) directly by the Registrar and Share Transfer Agent. The Annual Custody Fees for the Financial Year 2021-22 have been paid to the Depositories.

## 9. Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Annual Listing Fees for the Financial Year 2021-22 have been paid to the Exchanges:

Name & Address of Stock Exchanges	Stock Codes/Scrip Code	ISIN Number for NSDL/CDSL (Dematerialised shares)
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001	520008	INE209B01025
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	RICOAUTO	

## 10. Dematerialisation of Shares and Liquidity

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28<sup>th</sup> August, 2000 for all investors. The ISIN Number of both NSDL and CDSL is INE209B01025. The Equity Shares of the Company are regularly traded on BSE Limited and National Stock Exchange of India Limited.

### Break-up of Shares in Physical and Demat segment as on 31<sup>st</sup> March, 2021

Segment	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholding
Physical	649	0.96	359841	0.27
Demat	66894	99.04	134925159	99.73
<b>Total</b>	<b>67543</b>	<b>100.00</b>	<b>135285000</b>	<b>100.00</b>

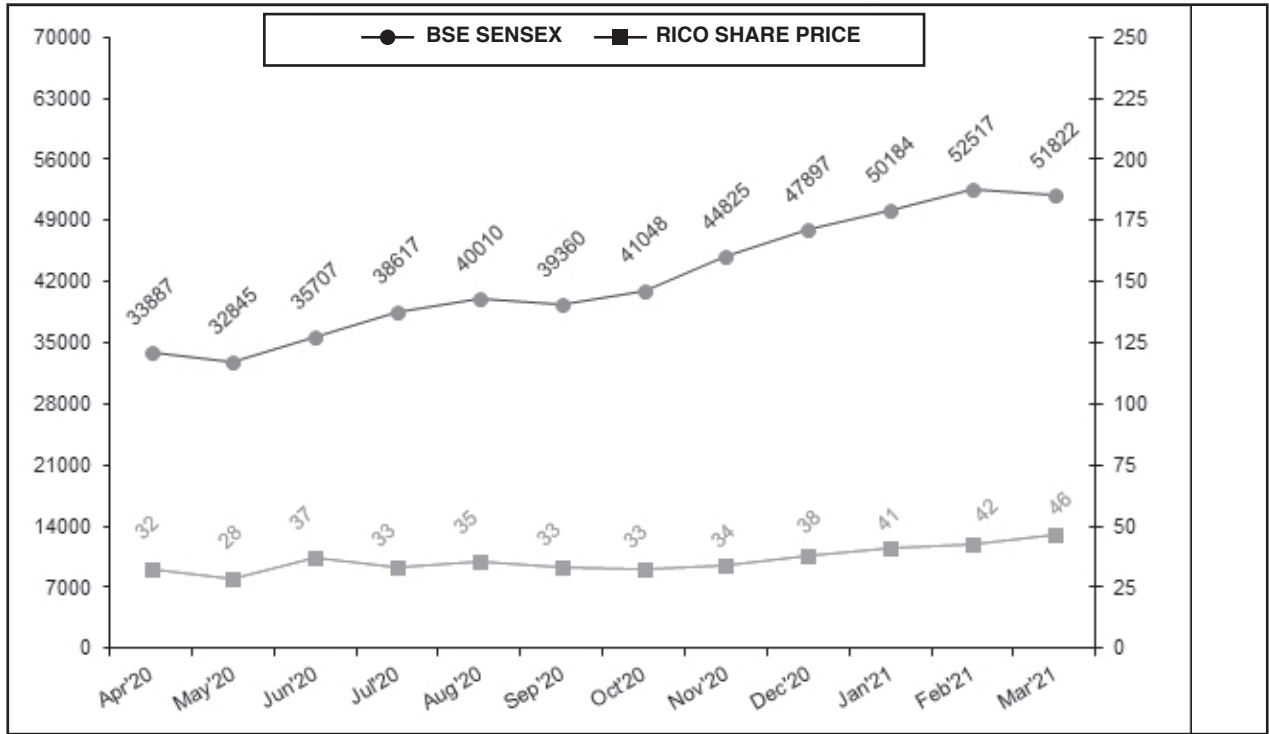
## 11. Stock Market Data

The closing price as on 31<sup>st</sup> March, 2021 of the Equity Shares at BSE and NSE is ₹35.55 & ₹35.50 respectively. Monthly high & low price and volume of shares of ₹1/- each traded at BSE and NSE for 2020-21 are as under:

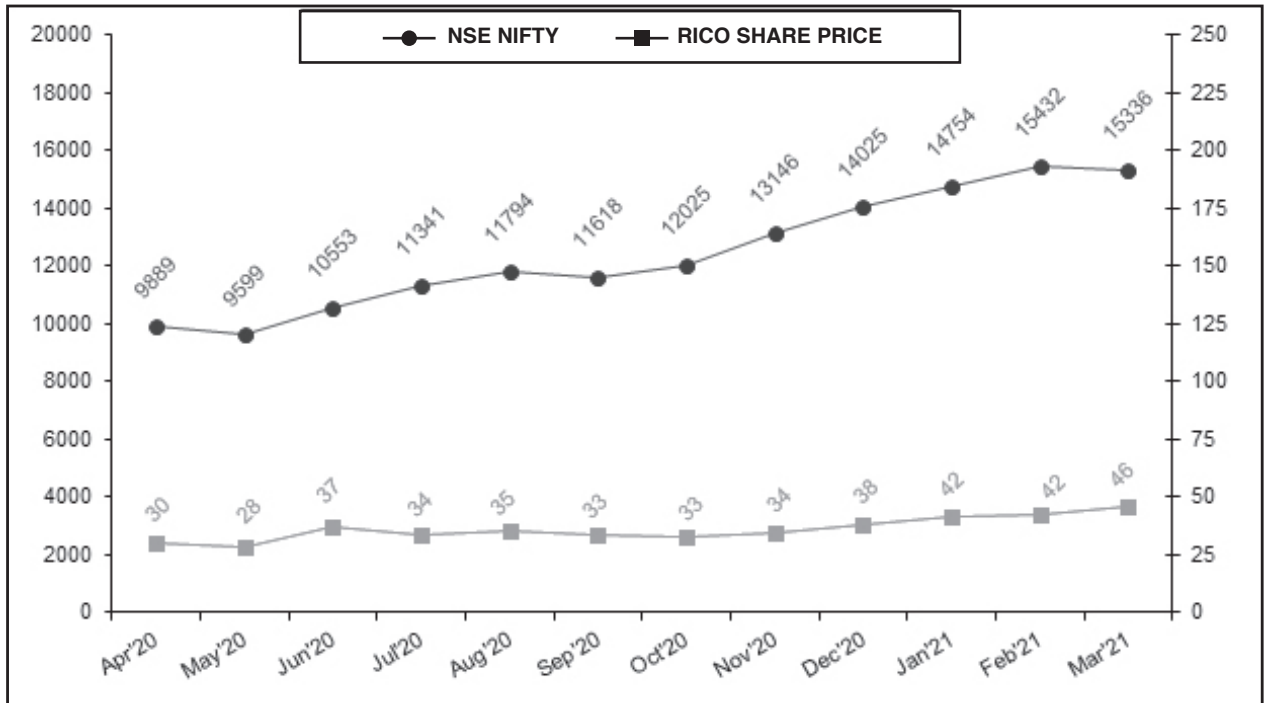
Month/Year	BSE Limited (BSE)			National Stock Exchange (NSE)		
	High (₹)	Low (₹)	Volume of Shares Traded	High (₹)	Low (₹)	Volume of Shares Traded
April, 2020	32.45	19.10	871774	30.10	19.00	8307796
May, 2020	28.30	24.60	482235	28.35	24.50	5237112
June, 2020	36.90	26.70	1853450	37.00	26.60	21028372
July, 2020	33.35	26.40	979005	33.50	26.30	9696602
August, 2020	35.25	27.05	2132407	35.25	27.00	23498640
September, 2020	33.05	27.50	1629243	33.25	27.45	14604866
October, 2020	32.80	26.60	943449	32.90	27.10	11519967
November, 2020	34.00	28.50	1624531	34.20	28.20	12682114
December, 2020	38.15	30.00	2323862	38.40	30.00	19365219
January, 2021	41.35	33.50	2408448	41.50	33.50	18023757
February, 2021	42.25	34.45	1698736	42.25	32.35	19507314
March, 2021	46.20	35.25	1723732	46.30	35.10	16547321

12. Stock Performance of Rico Auto Industries Limited Vs. Stock Exchange Indices

INDEX COMPARISON - RICO SHARE PRICE VS. BSE SENSEX (HIGH)



INDEX COMPARISON - RICO SHARE PRICE VS. NSE NIFTY (HIGH)



**13. Distribution of Shareholding as on 31<sup>st</sup> March, 2021**

No. of Equity Shares held	No. of Shareholders	Percent of Shareholders	No. of Shares	Percent of Shareholding
1 – 5000	66127	97.90	26327298	19.46
5001 – 10000	801	1.19	5997192	4.43
10001 – 20000	322	0.48	4740163	3.50
20001 – 30000	98	0.15	2448621	1.81
30001 – 40000	37	0.05	1328531	0.98
40001 – 50000	29	0.04	1314033	0.97
50001 – 100000	63	0.09	4632677	3.42
100001 & above	66	0.10	88496485	65.41
<b>Total</b>	<b>67543</b>	<b>100.00</b>	<b>135285000</b>	<b>100.00</b>

**14. Shareholding Pattern as on 31<sup>st</sup> March, 2021**

Category of Shareholders	No. of Shares (Demat Mode)	No. of Shares (Physical Mode)	Total No. of Shares	Percent of Shareholding
Promoter and Promoter Group	68079446	–	68079446	50.32
Mutual Funds/UTI	54362	–	54362	0.04
Alternate Investment Funds	1238056	–	1238056	0.92
Foreign Institutional Investors	100000	–	100000	0.07
Bodies Corporate	4573985	–	4573985	3.38
NRI	1787930	–	1787930	1.32
Trusts & Foundations	22194	–	22194	0.02
IEPF Authority	1314187	–	1314187	0.97
Indian Public	57754999	359841	58114840	42.96
<b>Total</b>	<b>134925159</b>	<b>359841</b>	<b>135285000</b>	<b>100.00</b>

**15. Unclaimed Shares Suspense Account**

In terms of Schedule V of the Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account in dematerialized form. This account was held by the Company on behalf of the shareholders entitled for these shares. During the year balance 542410 shares pertaining to 1780 shareholders lying in the said account were transferred to IEPF Authority and the account has been closed .

The details of equity shares lying in the Unclaimed Suspense Account being maintained with ICICI Bank are as under:

Sl. No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	1805	562790
2.	Number of Shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year in response to the Company's reminders	25	20380
3.	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	25	20380
4.	Number of Shareholders whose shares have been transferred during the year from the Unclaimed Suspense Account to the Investor Education and Protection Fund Authority pursuant to Section 124(6) of the Companies Act, 2013*.	1780	542410
5.	Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	Nil	Nil

\* In respect of the shares transferred to the Investor Education and Protection Fund Authority, Shareholders are entitled to claim these shares from the Investor Education and Protection Fund Authority by making an application in Form IEPF-5 available on website <http://www.iepf.gov.in/IEPF/refund.html> alongwith the requisite documents.

**16. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity**

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

## 17. Unclaimed Dividends

Pursuant to the provisions of Sections 124 & 125 of the Companies Act, 2013 the amount of dividend which remains unpaid/unclaimed for a period of Seven (7) years is required to be transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government. Member(s) who have not yet encashed their dividend warrant(s) is/are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31<sup>st</sup> March, 1995 to 31<sup>st</sup> March, 2013 have already been transferred to the Investor Education and Protection Fund (IEPF). During the year, the aggregate unclaimed dividend amount of ₹378232.00 relating to Financial Year 2012-13 was transferred to IEPF.

### Date for Transferring Unclaimed Dividend to the IEPF Authority

Year	Rate of Dividend (percent)	Date of Declaration	No. of Shareholders	Amount of Dividend (₹)	Amount of Unclaimed Dividend (₹)	Unclaimed Dividend (Percent)	Due date for transfer to IEPF
2014	Final - 10	30/09/2014	37426	13528500.00	259937.20	1.94	30/10/2021
2015	Interim - 100	14/02/2015	38399	135285000.00	2077472.00	1.53	14/03/2022
2015	Final - 200	29/09/2015	40315	270570000.00	3843450.00	1.42	29/10/2022
2016	Interim - 50	10/03/2016	48718	67642500.00	1215841.50	1.79	10/04/2023
2016	Final - 10	23/09/2016	46216	13528500.00	251314.10	1.88	23/10/2023
2017	Final - 75	22/09/2017	49679	101463750.00	2709964.50	2.67	22/10/2024
2018	Interim - 40	09/02/2018	60956	54114000.00	905043.60	1.67	09/03/2025
2018	Final - 40	29/09/2018	66168	54114000.00	846028.00	1.56	29/10/2025
2019	Interim - 40	11/02/2019	67887	54114000.00	606565.20	1.12	11/03/2026
2019	Final - 40	30/09/2019	63614	54114000.00	578886.00	1.07	30/10/2026
2020	Final - 30	12/11/2020	72960	38271054.03	485953.09	1.27	12/12/2027

## 18. Shares transferred to IEPF Authority

Section 124(6) of the Companies Act, 2013 and IEPF Rules, mandates Companies to transfer the shares of Members whose dividend remain unpaid/unclaimed for a consecutive period of (7) years to the Demat Account of IEPF Authority. In view of the same, during the year, the Company has transferred 559961 equity shares of the face value of ₹1/- each in respect of 1867 shareholders to the Demat Account of IEPF Authority and filed the Form IEPF-4 with MCA on 8<sup>th</sup> January, 2021. During the year, dividend aggregating to ₹225342.00 was also transferred to IEPF Authority, in respect of shares transferred to the Demat Account of IEPF Authority. Details of such shareholders, whose shares are transferred to IEPF Authority and their unpaid dividends for subsequent years are available on the website of the Company at <https://www.ricoauto.in/investor-relation.html>.

As provided under these rules, the shareholders shall be allowed to claim such shares transferred to IEPF Authority by following the required procedure given on website of IEPF <http://www.iepf.gov.in/IEPF/refund.html>

## 19. National Automated Clearing House (NACH) system

In order to facilitate the transfer of dividends to the shareholders, the Company is using a National Automated Clearing House (NACH) system introduced by the Reserve Bank of India.

## 20. Nomination Facility

Shareholders holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may submit the prescribed form to the Company. Members holding shares in dematerialized mode may contact their Depository Participant (DP) for availing this facility.

## 21. MCA's Green Initiative for Paperless Communications

In support to the Ministry of Corporate Affairs (MCA) "Green Initiative for Paperless Communications and in compliance to MCA circular dated 13<sup>th</sup> January, 2021 read with circulars dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 & 5<sup>th</sup> May, 2020 and SEBI's circular dated 12<sup>th</sup> May, 2020 & 15<sup>th</sup> January, 2021 and other circulars issued in this regard, the notice alongwith Annual Report 2020-21 is being sent through electronic mode only to those members whose e-mail addresses are registered with the Company. The members who have not registered their e-mail IDs, so far, are requested to register their e-mail IDs, in respect of electronic holdings with concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Registrar and Share Transfer Agent, M/s. MCS Share Transfer Agent Limited.

## 22. SEBI Complaints Redress System (SCORES)

The Company processes the Investors' complaints received by it through a computerized complaints redressal system. The salient features of this system are computerized database of all the inward receipts and action taken on them, online submission of Action Taken Reports (ATRs) along with supporting documents electronically in SCORES. The investors can view online the current status of their complaints submitted through SEBI Complaints Redress System (SCORES).

### 23. Fee paid to Statutory Auditors

A total fee of ₹1.06 crores was paid by the Company and its Subsidiaries for all audit and services availed, on a consolidated basis, to the Statutory Auditors and all Entities in network firm/network entity of which the Statutory Auditors is a part, for the financial year ended 31<sup>st</sup> March, 2021.

### 24. Subsidiary Companies

The Company has three wholly owned subsidiaries, three subsidiary companies and three step down subsidiaries. None of the subsidiaries is listed on any Stock Exchange. The Audit Committee and the Board reviews the financial statements, the minutes of the Board Meetings and all significant transactions and arrangements of the subsidiary companies.

Rico Aluminium and Ferrous Auto Components Limited is a material subsidiary pursuant to provisions of Regulation 16(1)(c) of the Listing Regulations and Rico Investments Limited is a material subsidiary of the Company pursuant to the explanation under Regulation 24(1) of the Listing Regulations. Shri Satish Sekhri and Shri Amarjit Chopra, Independent Directors of the Company continues to be on the Board of these subsidiaries respectively.

### 25. Web link for various Policies of the Company

The following Policies are available on the website of the Company i.e. <https://www.ricoauto.in/investor-relation.html>:

1. Corporate Social Responsibility Policy
2. Vigil Mechanism Policy
3. Policy for determining Material Subsidiaries
4. Related Party Transactions Policy
5. Remuneration Policy
6. Policy on determination of materiality of the events/information
7. Policy on Preservation of Records
8. Archival Policy on Preservation of Documents of the Company
9. Dividend Distribution Policy
10. Risk Management policy

### 26. Investors/Shareholders Correspondence

- |      |   |   |  |
|------|---|---|--|
| i)   | Any queries relating to the Financial Statements of the Company               | : | Shri Rakesh Kumar Sharma<br>Chief Financial Officer<br>Rico Auto Industries Limited<br>38 KM Stone, Delhi-Jaipur Highway<br>Gurugram - 122001 (Haryana) India<br>Tel : (91)(0124) 2824226<br>E-mail : rakeshsharma@ricoauto.in                                   |
| ii)  | Payment of dividend on Shares and any other queries relating to Annual Report | : | Shri B.M. Jhamb<br>Company Secretary<br>Rico Auto Industries Limited<br>38 KM Stone, Delhi-Jaipur Highway<br>Gurugram - 122001 (Haryana) India<br>Tel : (91)(0124) 2824225, 2824000<br>Fax: (91)(0124) 2824200<br>E-mail : bmjhamb@ricoauto.in<br>cs@ricoauto.in |
| iii) | Transfer/Dematerialisation of Shares and any other queries relating to Shares | : | M/s. MCS Share Transfer Agent Limited<br>F-65, Okhla Industrial Area, Phase I<br>New Delhi - 110020, India<br>Tel : (011)41406149 Fax : (011)41709881<br>E-mail : helpdeskdelhi@mcsregistrars.com<br>admin@mcsregistrars.com                                     |

On behalf of the Board of Directors

**Arvind Kapur**  
 Chairman, CEO &  
 Managing Director  
 (DIN: 00096308)

Place : Gurugram  
 Date : August 13, 2021

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
The Members,  
Rico Auto Industries Limited  
38 KM Stone, Delhi-Jaipur Highway  
Gurugram - 122001  
Haryana

We have examined the compliance with the conditions of Corporate Governance by Rico Auto Industries Limited for the financial year ended 31<sup>st</sup> March, 2021, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred in Regulation 15(2) of the 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 ensuring the compliance of the conditions of Regulations of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements 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 Regulations of the Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

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. Sachdeva & Associates**  
Company Secretaries

**K. K. Sachdeva**

Proprietor

FCS No. 7153, CP No. 4721

UDIN: F007153C00759751

Place : Gurugram  
Date : August 10, 2021

**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,  
Rico Auto Industries Limited  
38 KM Stone, Delhi-Jaipur Highway  
Gurugram -122001  
Haryana

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Rico Auto Industries Limited having CIN:L34300HR1983PLC023187 and Registered Office at 38 KM Stone, Delhi-Jaipur Highway, Gurugram - 122001, Haryana (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company & its Officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

<b>Name of Director</b>	<b>DIN</b>	<b>Date of Appointment in the Company</b>
Shri Kanwal Monga	00153473	18/09/2001
Shri Amarjit Chopra	00043355	18/09/2001
Dr. Ashok Seth	00050540	13/05/2004
Shri Satish Sekhri	00211478	28/05/2010
Shri Rajeev Kapoor	02051466	13/11/2013
Shri Vinod Kumar Nagar	02487061	13/11/2013
Ms. Sarita Kapur	08848507	28/08/2020
Smt. Upasna Kapur	00327461	19/06/2015
Shri Arun Kapur	00100270	10/03/1983
Shri Arvind Kapur	00096308	10/03/1983

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion, on these, based on our 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. Sachdeva & Associates**  
Company Secretaries

**K. K. Sachdeva**  
Proprietor

FCS No. 7153, CP No. 4721  
UDIN F007153C000759731

Place : Gurugram  
Date : August 10, 2021



## ANNEXURE TO DIRECTORS' REPORT

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021**  
(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel)  
Rules, 2014 and Regulation 24A of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members,  
Rico Auto Industries Limited  
38 KM Stone, Delhi-Jaipur Highway  
Gurugram - 122001  
Haryana

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Rico Auto Industries Limited (CIN: L34300HR1983PLC023187)** (hereinafter called "the Company"). The 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 Company's 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, the explanations and clarifications given to us and representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2021 ("Audit Period")** 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 the Company for the financial year ended on **31<sup>st</sup> March, 2021** according to the provisions of (including any amendment thereof):

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable; and
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and amendments thereof:
  - 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, 2015;
  - c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) \*The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) 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;
  - g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.(\*Not applicable, as no event took place under these Regulations during the Audit Period.)
- vi) We further report that having regard to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
  - a) The Factories Act, 1948;
  - b) The Petroleum Act, 1934 and the rules made thereunder;
  - c) The Environment Protection Act, 1986 and the rules made thereunder;
  - d) The Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder; and
  - e) The Air (Prevention and Control of Pollution) Act, 1981 and the rules made thereunder.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated laws.

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

- i) Applicable Secretarial Standards issued by the Institute of Company Secretaries of India; and
- ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings. The Agenda and detailed notes on agenda were sent at least seven days in advance 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.

All the decisions at Board and Committee Meetings were carried out through unanimous consent as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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.

for **K.K. Sachdeva & Associates**  
Company Secretaries

**K. K. Sachdeva**  
Proprietor

FCS No. 7153, CP No. 4721  
UDIN: F007153C000759740

Place : Gurugram  
Date : August 10, 2021

## ANNEXURE TO DIRECTORS' REPORT

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021**  
[Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Rico Investments Limited**  
38 KM Stone,  
Delhi – Jaipur Highway  
Gurugram – 122001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Rico Investments Limited** (CIN : U65923HR2015PLC054211) (hereinafter called "the Company") incorporated on 7th January, 2015. 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 Company's 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 covering the financial year ended on **31<sup>st</sup> March, 2021** 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 the Company for the financial year ended on **31<sup>st</sup> March, 2021** according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder to the extent applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable to the Company during the audit period)**
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the audit period)**
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable during the audit period)**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable during the audit period)**
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable during the audit period)**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable during the audit period)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the audit period)**
  - f) 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;
  - g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the audit period)**
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable during the audit period)**
  - j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015; **(Not applicable during the audit period)**
- vi) As informed, the Company is a Core Investment Company- Non-Banking Financial Company (CIC- NBFC) and is governed under RBI Circular bearing no. RBI/2010-11/360 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated 5<sup>th</sup> January, 2011 and other Circulars issued in this regard from time to time. During the year, the Company was not required to be registered with the Reserve Bank of India. Besides as mentioned hereinabove, there are no other laws which were specifically applicable on the Company.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreements entered into by the Company with Stock Exchange **(Not applicable to the Company during the audit period)**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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.

We further report that during the audit period

- a) The Company paid a final dividend @ 3% for the financial year 2019-2020.
- b) The Company dissolved its Corporate Social Responsibility (CSR) Committee at the Board Meeting held on 11th February, 2021.
- c) At the 5<sup>th</sup> Annual General Meeting held on 1<sup>st</sup> September, 2020, Mr. Arun Gupta was re-appointed as an Independent Director for a second term of 5 (five) consecutive years from 11<sup>th</sup> August, 2020 to 10<sup>th</sup> August, 2025 on the Board of the Company.

for **Deepak Bansal & Associates,**  
Company Secretaries

**(Deepak Bansal)**

FCS 3736; CP- 7433

UDIN: F003736C000733731

Place : Noida

Date : August 05, 2021

\*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,  
**Rico Investments Limited**  
38 KM Stone, Delhi – Jaipur Highway,  
Gurugram – 122001, Haryana –

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record 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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations 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 the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Deepak Bansal & Associates,**  
Company Secretaries

**(Deepak Bansal)**

FCS 3736; CP- 7433

UDIN: F003736C000733731

Place : Noida

Date : August 05, 2021

## ANNEXURE TO DIRECTORS' REPORT

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021**  
[Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Rico Aluminium and Ferrous Auto Components Limited**  
38 KM Stone, Delhi-Jaipur Highway  
Gurugram - 122001, Haryana

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by **Rico Aluminium and Ferrous Auto Components Limited** (CIN: U34300HR2008PLC037956) (hereinafter called the Company) incorporated on 27th May, 2008. 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 Company's 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 covering the financial year ended on **31<sup>st</sup> March, 2021** 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 the Company for the financial year ended on **31<sup>st</sup> March, 2021** according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder to the extent applicable
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable to the Company during the audit period)**
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the audit period)**
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the audit period)**
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the audit period :
  - 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, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) 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;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi) We further report that having regard to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
  - a) The Factories Act, 1948;
  - b) The Environment Protection Act, 1986 and the rules made thereunder;
  - c) The Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder; and
  - d) The Air (Prevention and Control of Pollution) Act, 1981 and the rules made thereunder.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreements entered into by the Company with Stock Exchange **(Not applicable to the Company during the audit period)**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The Company, being wholly owned subsidiary, was not required to have independent directors on the Board in view of exemption provided by Ministry of Corporate Affairs vide notification dated 5th July, 2017. There has been no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

All decisions at Board Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

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.

We further report that during the audit period

a) The Company, being wholly owned subsidiary, was not required to admit its securities in a depository in view of exemption provided by the Ministry of Corporate Affairs vide notification dated 22nd January, 2019.

b) At the 12th Annual General Meeting held on 25th September, 2020, Mr. Arun Gupta was re-appointed as an Independent Director for a second term of 5 (five) consecutive years from 28th September, 2020 to 27th September, 2025 on the Board of the Company

for **Deepak Bansal & Associates,**  
Company Secretaries

(Deepak Bansal)

Place : Noida  
Date : August 04, 2021

FCS 3736; CP- 7433  
UDIN: F003736C000733731

\*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,  
**Rico Aluminum and Ferrous Auto Components Limited**  
38 KM Stone, Delhi – Jaipur Highway,  
Gurugram, Haryana –122001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record 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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations 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 the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Deepak Bansal & Associates,**  
Company Secretaries

(Deepak Bansal)

Place : Noida  
Date : August 04, 2021

FCS 3736; CP- 7433  
UDIN: F003736C000733731

## ANNEXURE TO DIRECTORS' REPORT

### THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (2020-21)

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken**

The Company endeavors to integrate social and environment concerns in its business operations. The Company demonstrates an increased commitment at all levels in the organization to operate business in an economically, socially and environmentally sustainable manner.

**2. Composition of CSR Committee**

S. No.	Name of Director	Designation/Nature of Directorship	Position held in committee	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Rajeev Kapoor	Independent Director	Chairman	4	4
2.	Dr. Ashok Seth	Independent Director	Member	4	2
3.	Shri Vinod Kumar Nagar	Independent Director	Member	4	4
4.	Shri Arun Kapur	Joint Managing Director	Member	4	4

**3. Web links where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:**

- The composition of the CSR Committee and CSR Policy are available on our website <https://www.ricoauto.in/investor-relation.html>
- The Board, based on the recommendation of the CSR Committee, at its meeting held on 13<sup>th</sup> August, 2021, has approved the annual action plan / projects for FY 2021-22, the details of which are available on our website <https://www.ricoauto.in/investor-relation.html>.

**4. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable**

**5. Details of the amount available for set-off in pursuance of sub rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Nil**

**6. Average net profit of the Company as per Section 135(5): ₹45.02 crores**

**7. (a) Two percent of average net profit of the Company as per section 135(5): ₹90.00 lakhs**

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil**

**(c) Amount required to be set off for the financial year, if any: Nil**

**(d) Total CSR obligation for the financial year (7a+7b-7c): ₹90.00 lakhs**

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (₹ in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
90.24	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
	Nil	N.A.	N.A.	N.A.	N.A.

## (b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(₹ In Lakhs)

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Project duration (In Years)	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
Nil												

## (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ In Lakhs)

1	2	3	4	5		6	7	8
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount spent for the project	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	District			Name and CSR Registration Number
1.	Provide Community Kitchen Services in the slums and economically weaker community areas	Eradicating hunger, poverty	Yes	Haryana & Tamil Nadu	Gurugram, Bawal & Chennai	14.72	Yes	N.A
2.	Construction of community hall & washroom	Rural development	Yes	Haryana	Village Malpura, Dharuhera	5.36	Yes	N.A
3.	Covid Related reliefs- Providing COVID PPEs, Washing Facilities, Sanitizers, Liquid Soaps etc.	Promoting health care including preventive health care and sanitation	Yes	Rajasthan	Pathredi	2.75	Yes	N.A
			Yes	Tamil Nadu	Chennai	0.71	Yes	N.A
			Yes	Uttarakhand	Haridwar	0.99	Yes	N.A
			Yes	Haryana	Dharuhera	2.87	Yes	N.A
			Yes	Haryana	Gurugram	35.98	Yes	N.A
4.	Supporting NGO- Helping Hands	Supporting- NGO	No	Delhi	New Delhi	0.50	No	Helping Hands, NGO
5.	Complete sponsorship of Education and Therapy of two Autistic children	Special Education for differently abled & Promoting health care including preventive health care	Yes	Haryana	Gurugram	3.69	Yes	N.A
6.	Supporting two individual from economically weaker section of society for Medical treatment of severe disease	Promoting health care	Yes	Haryana	Gurugram	1.30	Yes	N.A
7.	Contribution to Raman Kant Munjal Foundation	Education to weaker section	Yes	Haryana	Dharuhera	4.45	No	Raman Kant Munjal Foundation CSR 00004870
8.	Supporting higher education of students from the economically weaker section	Promoting Employability by Skill Building	No	Uttar Pradesh	Noida	1.37	Yes	N.A
9.	Sponsorship of 9 Female players to participate in 6 <sup>th</sup> open National Taekwondo Championship 2020-21	Empowering Woman & Promoting National Sports	Yes	Haryana	Banipur	0.81	Yes	N.A
10.	Contribution to Rotary Southend Charitable Trust for Skill Development Centre	Promoting Employability by Skill Building	No	Delhi	New Delhi	2.50	No	Rotary Southend Charitable Trust
<b>Grand Total</b>						<b>90.24</b>		



- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹90.24 Lakhs
- (g) Excess amount for set off, if any

S.No.	Particulars	Amount (₹ in Lakhs)
1.	Two percent of average net profit of the Company as per section 135(5)	90.00
2.	Total amount spent for the financial year	90.24
3.	Excess amount spent for the financial year [(ii)-(i)]	0.24
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.24

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

S.No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
Nil							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

S.No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project Completed/ Ongoing
Not applicable, as the concept of 'ongoing projects' has been introduced in the CSR Amendment Rules, relevant from FY 2021-22. Details of amount spent on all ongoing projects during FY 2020-21 are covered under 8(b) above.								

- 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR amount spent in the financial year: No capital asset was created/acquired for FY 2020-21 through CSR amount.
- 11. Reasons for not spending the amount: Not Applicable
- 12. The CSR Committee confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

**Arvind Kapur**  
 Chairman, CEO &  
 Managing Director  
 (DIN: 00096308)

**Rajeev Kapoor**  
 Chairman - CSR Committee  
 (DIN: 02051466)

Place : Gurugram  
 Date : August 13, 2021

## ANNEXURE TO DIRECTORS' REPORT

Detail pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21:

S.No.	Name of Directors	Ratio to Median Remuneration
<b>Non-Executive Independent Directors</b>		
i)	Shri Kanwal Monga	0.62
ii)	Shri Amarjit Chopra	1.55
iii)	Dr. Ashok Seth	0.31
iv)	Shri Satish Sekhri	1.55
v)	Shri Rajeev Kapoor	1.55
vi)	Shri Vinod Kumar Nagar	1.55
vii)	Ms. Sarita Kapur*	0.46
<b>Non-Executive Director</b>		
viii)	Smt. Upasna Kapur	0.62
<b>Executive Director</b>		
ix)	Shri Arun Kapur, Joint Managing Director	6.12
x)	Shri Arvind Kapur, Chairman, CEO & MD	69.57

\*Ms. Sarita Kapur appointed as Independent Director on 28.08.2020

2. The percentage of increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year 2020-21:

S.No.	Name of Directors/KMP and Designation	Remuneration		%age increase/ (decrease) in Remuneration
		2020-21 (Amount in ₹)	2019-20 (Amount in ₹)	
<b>Non-Executive Independent Directors</b>				
i)	Shri Kanwal Monga	300000.00	497525.00	(39.70)
ii)	Shri Amarjit Chopra	750000.00	807525.00	(7.12)
iii)	Dr. Ashok Seth	150000.00	272525.00	(44.96)
iv)	Shri Satish Sekhri	750000.00	802525.00	(6.54)
v)	Shri Rajeev Kapoor	750000.00	807525.00	(7.12)
vi)	Shri Vinod Kumar Nagar	750000.00	802525.00	(6.54)
vii)	Ms. Sarita Kapur*	225000.00	NA	NA
<b>Non-Executive Directors</b>				
viii)	Smt. Upasna Kapur	300000.00	422525.00	(29.00)
<b>Executive Director</b>				
ix)	Shri Arun Kapur, Joint Managing Director	2964608.00	6504103.00	(54.42)
x)	Shri Arvind Kapur, Chairman, CEO & MD	33691402.00	45563935.00	(26.06)
<b>Key Managerial Personnel</b>				
xi)	Shri Rakesh Kumar Sharma, Chief Financial Officer	5739385.00	7110875.00	(19.29)
xii)	Shri B.M. Jhamb, Company Secretary	3651444.00	4246312.00	(14.01)

\*Ms. Sarita Kapur appointed as Independent Director on 28.08.2020, hence the same is not comparable.

3. The percentage of increase in the median remuneration of employees in the financial year 2020-21: 0.67%
4. The number of permanent employees on the roll of Company as on 31<sup>st</sup> March, 2021: 1598
5. Average percentile increase already 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 are any exceptional circumstances for increase in the managerial remuneration:

The average increase in cost of employees other than managerial personnel in 2020-21 was Nil. Percentage increase (+)/decrease (-) in the managerial remuneration for the year 2020-21 was Nil.

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

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

On behalf of the Board of Directors

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
(DIN: 00096308)

Place : Gurugram  
Date : August 13, 2021

## ANNEXURE TO DIRECTORS' REPORT

## FORM AOC - 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act 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 arms length transactions under third provision thereto.

**1. Details of Contracts or Arrangements or Transactions not at Arm's length basis:**

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2021 which were not on arm's length basis.

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

**2. Details of Material Contracts or Arrangements or Transactions at Arm's length basis:**

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	Rico Aluminium and Ferrous Auto Components Limited (Step-down Subsidiary)
b.	Nature of contracts/arrangements/transactions	Sale, Purchase or Supply of products, goods or materials or availing or rendering of services and leasing of property (movable or immovable)
c.	Duration of the contracts/arrangements/transactions	Ongoing transactions
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of Goods – ₹178.38 crores Sale of Goods – ₹ 12.93 crores Sale of Assets – ₹ 0.25 crore Availing or rendering of Services – ₹ 0.71 crore Rent Income – ₹ 5.49 crores Purchase of Assets – ₹ 0.57 crore Rent Expenses – ₹ 0.42 crore Job Work Income – ₹ 0.74 crore Recovery of Expenses – ₹ 44.64 crores
e.	Date of approval by the Board/ Date of approval by the Shareholders	12 <sup>th</sup> February, 2020/12 <sup>th</sup> November, 2020
f.	Amount paid as advances, if any	N.A.

Definition of the term 'Material Contracts or Arrangements or Transactions' is taken as per Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On behalf of the Board of Directors

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
(DIN: 00096308)

Place : Gurugram  
Date : August 13, 2021

## Independent Auditor's Report

To the Members of  
Rico Auto Industries Limited

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

#### Opinion

- We have audited the accompanying standalone financial statements of Rico Auto Industries Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2021, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matter

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. 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 matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of the realizability of loans from step down subsidiary (refer note 56)</b></p> <p>As at 31 March 2021, the Company has given loans amounting to ₹37.71 crores to a step subsidiary company, Rico Jinfei Wheels Limited (hereinafter referred to as "Subsidiary"), as disclosed in Note 54 to the accompanying standalone financial statements. The subsidiary has earned low operating profit/ incurred losses during the current and previous years.</p> <p>Since, the recoverability of the aforesaid amount is largely dependent on the operational performance of aforesaid subsidiary, therefore, there is a risk that the subsidiary may not achieve the anticipated business performance, leading to an impairment charge that has not been recognized by the management.</p> <p>Management has assessed the realizability of the aforesaid amounts by carrying out a valuation of the subsidiary's business using the discounted cashflow method ("the Model"). The Model involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity, which is more complex in the current year due to the required assessment of impact of COVID -19 on the aforesaid assumptions.</p> <p>Considering the materiality of the above matter to the standalone financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.</p>	<p><b>Our audit included, but were not limited to, the following procedures:</b></p> <ol style="list-style-type: none"> <li>Obtained an understanding from the management with respect to process and controls implemented by the Company to determine recoverability of the amounts receivable from its subsidiary companies;</li> <li>Obtained the valuation model from the management and reviewed their conclusions, including reading the report provided by an independent valuation expert engaged by the management;</li> <li>Assessed the professional competence, objectivity and capabilities of the third party expert engaged by the management for performing the required valuations to estimate the recoverable value of the amounts receivable from the subsidiary;</li> <li>Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</li> <li>Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied by engaging auditor's valuation specialists. Tested the discount rate and terminal growth rates used in the forecast including comparison to economic and industry forecasts, considering the impact of COVID -19, where appropriate;</li> <li>Evaluated sensitivity analysis performed by the management and further performed independent sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</li> <li>Evaluated the appropriateness and adequacy of disclosures made in the standalone financial statements in accordance with the applicable accounting standards.</li> </ol>

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

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

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

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - 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
  - the standalone financial statements dealt with by this report are in agreement with the books of account;
  - in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
  - we have also audited the internal financial controls with reference to standalone financial statements of the Company as on 31<sup>st</sup> March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 21 June 2021 as per Annexure B expressed unmodified opinion; and
  - with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us :
    - the Company, as detailed in note 35 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31<sup>st</sup> March 2021;
    - the Company, as detailed in note 32 to the standalone financial statements, has made provision as at 31 March 2021, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March 2021; and
    - the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these

standalone financial statements. Hence, reporting under this clause is not applicable.

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

**Arun Tandon**  
Partner

Place: New Delhi  
Date : 21 June, 2021

Membership No.: 517273  
UDIN No.: 20517273AAAAACO1264

### Annexure A

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

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - All property, plant and equipment have not been physically verified by the management during the year, however, there is a regular program of verification once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company. In respect of immovable properties in the nature of land and building that have been taken on lease and disclosed under the head property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee as per the agreement.
- In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.
- The Company has granted long term unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
  - in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest;
  - the schedule of repayment of principal and payment of interest has been stipulated and the principal amount is not due for repayment currently however, the receipts of the interest are regular;
  - there is no overdue amount in respect of loans granted to such companies.
- In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

**Statement of Disputed Dues**

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Errors and Mismatch of challans in returns filed to Income Tax Department	0.003	Nil	Assessment year 2009-10 to 2019-20	Assessing Officer, Income Tax Department.
Gujarat VAT, 2003	Disallowance of input on rejected goods	0.04	0.009	Financial year 2017-18	Gujarat Sales tax tribunal
Finance Act, 1994	Claim of cenvat on construction & other repair & maintenance service	0.64	Nil	Financial year 2005-06 to 2010-11	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and taxi	0.52	Nil	Financial year 2004-05 to 2008-09	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of cenvat credit on tax paid on marine insurance, catering, tent house and taxi	0.01	Nil	Financial year 2014-15 and 2015-16	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of cenvat credit on insurance of plant & machinery and stock.	0.51	Nil	Financial year 2011-12 to 2013-14	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Deposit of inadmissible cenvat credit availed on the capital goods destroyed in fire	0.39	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeal)
Finance Act, 1994	Denial of credit taken on outward freight	0.07	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeal)
Finance Act, 1994	Denial of credit taken on credit taken on Service of insurance and tour and travelling services	0.10	Nil	Financial year 2015-16 to 2017-18	Commissioner, Central Excise (Appeal)
Haryana Local Area Development Tax Act, 2000	Applicability of local area development tax on items purchased	0.01	Nil	Financial year 2001-02 to 2003-04	Joint Commissioner (Appeal)
Central Excise Act, 1944	Supply of components without adding cost of designs/drawings/specifications	3.15	Nil	Financial year 2013-14 to 2017-18	Commissioner of CGST
Central Excise Act, 1944	Non-payment of excise duty on amount of sales tax retained by the assessee	0.56	Nil	Financial year 2011-12 to 2013-14	Custom Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Short reversal of cenvat credit on clearance of capital Goods during slump sale.	1.07	Nil	Financial year 2017-18	Additional Commissioner Central Goods & Service tax
Goods and Services Tax Act, 2017	Tax credit incorrectly availed	0.01	0.01	Financial Year 2019-20	State Tax officer

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

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

**Arun Tandon**  
Partner

Place: New Delhi  
Date : June 21, 2021

Membership No.: 517273  
UDIN No.: 20517273AAAACO1264

## Annexure B

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

1. In conjunction with our audit of the standalone financial statements Rico Auto Industries Limited ('the Company') as at and for the year ended 31<sup>st</sup> March 2021, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design,

implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

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

### Meaning of Internal Financial Controls with Reference to Financial Statements

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

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls



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

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively

as at 31<sup>st</sup> March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**Arun Tandon**  
Partner  
Membership No.: 517273  
UDIN No.: 20517273AAAACO1264

Place: New Delhi  
Date : June 21, 2021

## STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

(₹ in Crores)

	Notes	As at March 31, 2021	As at March 31, 2020
<b>I. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	5	604.69	559.59
(b) Capital work-in-progress	5	55.98	50.01
(c) Intangible assets	5	2.60	3.25
(d) Intangible under development		2.24	-
(e) Financial assets			
(i) Investments	6	137.57	137.56
(ii) Loans	7	39.70	66.26
(f) Other non-current assets	8	23.53	23.88
(g) Non-current tax assets		3.51	1.19
<b>Total non-current assets</b>		<b>869.82</b>	<b>841.74</b>
<b>2. CURRENT ASSETS</b>			
(a) Inventories	9	189.70	126.80
(b) Financial assets			
(i) Trade receivables	10	337.24	250.69
(ii) Cash and cash equivalents	11	4.47	1.27
(iii) Bank balances other than (ii) above	12	3.41	1.49
(iv) Loans	7	0.81	1.02
(v) Other financial assets	13	37.48	35.82
(c) Other current assets	8	36.16	43.11
<b>Total current assets</b>		<b>609.27</b>	<b>460.20</b>
<b>Total assets</b>		<b>1,479.09</b>	<b>1,301.94</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. EQUITY</b>			
(a) Equity share capital	14	13.53	13.53
(b) Other equity	15	564.87	571.99
<b>Total equity</b>		<b>578.40</b>	<b>585.52</b>
<b>LIABILITIES</b>			
<b>2. NON-CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	16	225.30	207.37
(ii) Other financial liabilities	17	3.70	2.61
(b) Provisions	18	15.06	12.88
(c) Deferred tax liabilities (net)	30	8.75	9.98
(d) Other non-current liabilities	19	1.67	2.94
<b>Total non-current liabilities</b>		<b>254.48</b>	<b>235.78</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	16	187.48	153.81
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	20	4.24	4.79
b) Total outstanding dues of creditors other than micro and small enterprises	20	302.41	204.32
(iii) Other financial liabilities	17	132.90	90.22
(b) Other current liabilities	19	19.18	27.50
<b>Total current liabilities</b>		<b>646.21</b>	<b>480.64</b>
<b>Total equity and liabilities</b>		<b>1,479.09</b>	<b>1,301.94</b>

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

1 to 56

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

**Arun Tandon**  
Partner  
Membership No. : 517273

Place : New Delhi  
Date : June 21, 2021

For and on behalf of the Board of Directors of  
**Rico Auto Industries Limited**

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**Rakesh Kumar Sharma**  
Chief Financial Officer  
PAN : AICPS9230J

**B.M Jhamb**  
Company Secretary  
FCS : 2446

Place : Gurugram  
Date : June 21, 2021

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021**

(₹ in Crores)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>REVENUE</b>			
Revenue from operations	21	1,276.36	1,192.73
Other income	22	28.34	33.54
<b>Total revenue</b>		<b>1,304.70</b>	<b>1,226.27</b>
<b>EXPENSES</b>			
(a) Cost of materials consumed	23	832.65	760.59
(b) Purchases of stock-in-trade		5.65	6.18
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(25.12)	(3.95)
(d) Other manufacturing expenses	25	103.80	93.69
(e) Employee benefits expense	26	162.54	168.64
(f) Finance costs	27	34.96	27.18
(g) Depreciation and amortisation expense	5	62.98	59.96
(h) Other expenses	28	131.84	95.12
<b>Total expenses</b>		<b>1,309.30</b>	<b>1,207.41</b>
<b>(Loss)/Profit before exceptional items and tax</b>		<b>(4.60)</b>	<b>18.86</b>
Exceptional items	29	4.25	5.21
<b>(Loss)/Profit before tax</b>		<b>(8.85)</b>	<b>13.65</b>
<b>Tax expense</b>	30		
Current tax		(0.28)	2.23
Deferred tax (credit)		(2.81)	(5.16)
<b>Total tax expense</b>		<b>(3.09)</b>	<b>(2.93)</b>
<b>(Loss)/Profit for the year</b>		<b>(5.76)</b>	<b>16.58</b>
<b>Other comprehensive income</b>			
<b>(a) Items that will not be reclassified to statement of profit and loss</b>			
Remeasurements of defined benefit plan obligation		(1.48)	(1.75)
Income tax relating to above items		0.53	0.63
<b>(b) Items that will be reclassified to statement of profit and loss</b>			
Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		6.02	(6.95)
Income tax relating to above items		(2.11)	2.43
<b>Other comprehensive income for the year</b>		<b>2.96</b>	<b>(5.64)</b>
<b>Total comprehensive income for the year</b>		<b>(2.80)</b>	<b>10.94</b>
<b>(Loss)/Earnings per share</b>			
Basic and Diluted (nominal value per share ₹ 1)	31	(0.43)	1.23

Summary of significant accounting policies and other explanatory information

1 to 56

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

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm registration No. 001076N/N500013

**Arun Tandon**

Partner

Membership No. : 517273

Place : New Delhi

Date : June 21, 2021

For and on behalf of the Board of Directors of

**Rico Auto Industries Limited**
**Arvind Kapur**

Chairman, CEO &amp;

Managing Director

DIN: 00096308

**Rakesh Kumar Sharma**

Chief Financial Officer

PAN : AICPS9230J

**B.M Jhamb**

Company Secretary

FCS : 2446

Place : Gurugram

Date : June 21, 2021

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

## A Equity share capital

(₹ in Crores)

	No. of shares	Amount
<b>Balance as at March 31, 2019</b>	13,52,85,000	13.53
Changes in equity share capital during the year	—	—
<b>Balance as at March 31, 2020</b>	13,52,85,000	13.53
Changes in equity share capital during the year	—	—
<b>Balance as at March 31, 2021</b>	<b>13,52,85,000</b>	<b>13.53</b>

## B Other equity

(₹ in Crores)

	Capital reserve*	Capital redemption reserve	Securities premium	Foreign currency monetary item translation difference account ("FCMITDA")	General reserve	Retained earnings	Total
<b>Balance as at March 31, 2019</b>	<b>0.00</b>	<b>2.00</b>	<b>145.04</b>	<b>0.24</b>	<b>79.54</b>	<b>339.94</b>	<b>566.76</b>
Profit for the year	—	—	—	—	—	16.58	16.58
Other comprehensive income for the year	—	—	—	—	—	(5.64)	(5.64)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10.94</b>	<b>10.94</b>
Dividend paid on equity shares	—	—	—	—	—	(5.41)	(5.41)
Tax on dividend paid	—	—	—	—	—	(0.32)	(0.32)
Exchange difference accumulated during the year	—	—	—	0.22	—	—	0.22
Exchange difference amortised during the year	—	—	—	(0.20)	—	—	(0.20)
<b>Balance as at March 31, 2020</b>	<b>0.00</b>	<b>2.00</b>	<b>145.04</b>	<b>0.26</b>	<b>79.54</b>	<b>345.15</b>	<b>571.99</b>
Loss for the year	—	—	—	—	—	(5.76)	(5.76)
Other comprehensive income for the year (net of taxes)	—	—	—	—	—	2.96	2.96
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2.80)</b>	<b>(2.80)</b>
Dividend paid on equity shares	—	—	—	—	—	(4.06)	(4.06)
Exchange difference amortised during the year	—	—	—	(0.26)	—	—	(0.26)
<b>Balance as at March 31, 2021</b>	<b>0.00</b>	<b>2.00</b>	<b>145.04</b>	<b>-</b>	<b>79.54</b>	<b>338.29</b>	<b>564.87</b>

\* Amounts have been rounded off to zero

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

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

**Arun Tandon**  
Partner  
Membership No. : 517273

Place : New Delhi  
Date : June 21, 2021

For and on behalf of the Board of Directors of  
**Rico Auto Industries Limited**

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**Rakesh Kumar Sharma**  
Chief Financial Officer  
PAN : AICPS9230J

**B.M Jhamb**  
Company Secretary  
FCS : 2446

Place : Gurugram  
Date : June 21, 2021

**STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**

(₹ in Crores)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Cash flow from operating activities</b>		
<b>Net (loss)/profit before tax</b>	<b>(8.85)</b>	13.65
<b>Adjustments for:</b>		
Depreciation and amortisation	62.98	59.96
Excess provision written back	-	(1.45)
Loss allowances	0.09	0.31
Dividend income	(7.95)	(4.50)
Profit on sale of property, plant and equipment	(1.52)	(0.10)
Finance costs	34.96	27.18
Unrealised foreign exchange gain or loss, net	3.63	(5.49)
Amortization of government grants	(1.24)	(0.06)
Interest income	(7.35)	(9.76)
<b>Operating profit before working capital changes</b>	<b>74.75</b>	79.74
<b>Changes in working capital:</b>		
in inventories	(62.90)	(29.19)
in trade receivables	(90.18)	0.44
in other financial assets	(14.97)	(12.99)
in other assets	4.92	(7.36)
in trade payables	97.54	56.92
in other financial liabilities	10.91	3.18
in other liabilities and provisions	(8.89)	(10.32)
<b>Cash generated from operations</b>	<b>11.18</b>	80.42
Direct taxes paid (net of refunds)	(1.56)	(3.69)
<b>Net cash generated from operating activities</b>	<b>9.62</b>	76.73
<b>B. Cash flow from investing activities</b>		
Payment for purchase of property, plant and equipment	(115.31)	(131.18)
Proceeds from sale of property plant and equipment	5.92	1.59
Payment for purchase of Investment	(0.01)	(1.00)
Dividend received from subsidiary companies	7.95	4.50
Loan repayments received from related parties	33.97	9.50
Interest received	5.91	6.81
<b>Net cash used in investing activities</b>	<b>(61.57)</b>	(109.78)
<b>C. Cash flow from financing activities</b>		
Proceeds from long term borrowings	118.65	101.56
Payment for lease liabilities	(0.91)	(0.47)
Repayment of long term borrowings	(57.39)	(46.33)
Proceeds from short term borrowings (net)	33.67	11.27
Dividend paid (including corporate dividend tax)	(4.06)	(5.73)
Interest paid	(34.81)	(26.62)
<b>Net cash generated from financing activities</b>	<b>55.15</b>	33.68
<b>Net increase in cash and cash equivalents</b>	<b>3.20</b>	0.63
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1.27</b>	0.64
<b>Cash and cash equivalents at the close of the year (Refer Note 11)</b>	<b>4.47</b>	1.27

This is the Standalone Statement of Cash Flow referred to in our report of even date.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm registration No. 001076N/N500013

**Arun Tandon**

Partner

Membership No. : 517273

Place : New Delhi

Date : June 21, 2021

For and on behalf of the Board of Directors of

**Rico Auto Industries Limited**
**Arvind Kapur**

Chairman, CEO &amp;

Managing Director

DIN: 00096308

**Rakesh Kumar Sharma**

Chief Financial Officer

PAN : AICPS9230J

**B.M Jhamb**

Company Secretary

FCS : 2446

Place : Gurugram

Date : June 21, 2021

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

### 1. CORPORATE INFORMATION

Rico Auto Industries Limited ("the Company") registered office is situated at 38 KM Stone, Delhi - Jaipur Highway, Gurugram - 122001 (Haryana), was incorporated in India on March 7, 1983. The Company supplies a broad range of high-precision fully machined aluminum and ferrous components and assemblies to Original Equipment Manufacturers across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and research and development across aluminum and ferrous products. The Company is in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

### 2. RECENT ACCOUNTING PRONOUNCEMENTS

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

#### Amended standards adopted by the Company

The Company has applied the following amendments for the first time for their annual reporting period commencing April 01, 2020.

- **Amendment to Ind AS 103, Business Combinations, Definition of business (refer note 48)**
- **Amendment to Ind AS 116, Leases, lease modification accounting for COVID-19, rent concession.** The Company does not have any significant impact on the standalone financial statements.

### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation and presentation

##### i) Compliance with Ind AS

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

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

##### ii) Functional and presentation currency:

These financials are presented in Indian Rupees (INR), which is also the Company's functional currency.

##### iii) Going concern and basis of measurement

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

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Companies Act, 2013.

#### 3.2 Significant accounting policies

##### i) Revenue recognition

###### *Sale of goods*

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

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

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

###### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

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

### *Rental income*

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

### *Dividend income*

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

### *Contract assets*

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as trade receivables.

### *Contract liabilities*

A contract liability is the obligation to transfer goods to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the entity transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the entity performs under the contract.

### *Contract Cost*

Contract costs represents inspection costs/other direct material costs incurred for the development of the product. This cost will be recovered through the sale of the product to the customer. The Contract costs is amortized over a period of 5 years which is considered to be the period over which the company expect to earn revenue from sales of product.

## ii) Leases

### **Company as a lessee**

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

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

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

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

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

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

### **Company as lessor**

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

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

### iii) Government grants, subsidies and export incentives

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the conditions.

Government grants related to the income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the cost that are intended to compensate and presented within other income.

Government grants related to Property plant and equipment are included in the non-current liabilities as deferred income and are credited to Profit and loss on a straight-line basis over the expected life of the related assets and presented within other income in accordance with the primary conditions associated with purchase of assets and related grants

Export benefit entitlements are recognised in the Statement of Profit and Loss when the right to receive benefit is established in respect of the exports made and the realisation is reasonably certain.

### iv) Property, plant and equipment

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

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

### v) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangibles under progress represents intangible assets under construction and is carried at cost.

### vi) Depreciation and amortisation

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

Depreciation on other property, plant and equipment is provided on written down value method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use.

Depreciation on dies and moulds is provided based on useful life of the items ascertained on a technical estimate by the management.

Intangible assets are being amortised on written down value method over the useful life of 5-10 years, as estimated by the management to be the economic life of the assets over which economic benefits are expected to flow.



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

The estimated useful life considered for the assets are as under:

Asset	Estimated Useful Life
Land*	99
Plant and machinery**	15-20
Building***	30-60
Furniture and fixtures	10
Office equipment	5
Computers	3-8
Vehicles	8
Product development	5

\* Includes right of use asset having life of 99 years.

\*\* Includes right of use asset having life of 5 years.

\*\*\* Includes right of use asset having life of 9 years.

### vii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

### viii) Financial instruments

#### *Recognition and initial measurement*

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

#### *Subsequent measurement*

#### **Financial assets**

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

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

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

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

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

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

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

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

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

### *De-recognition of financial assets*

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

**Investments in equity instruments of subsidiaries and joint ventures** - Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 Separate Standalone financial statements.

### **Financial liabilities**

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

### *De-recognition of financial liabilities*

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

### **Offsetting of financial instruments**

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

### **Impairment of financial assets**

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

### **ix) Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

### Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

#### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts previously recognised in the Other Comprehensive Income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

### x) Inventories

Inventories are valued as follows:

#### *Raw materials, stores and spares*

Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

#### *Work in progress*

Work in progress is valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity and actual stage of production.

#### *Finished goods*

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

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

### xi) Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities that are required to be measured as per the applicable standard. Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the Capital Reserve.

**Common control:** A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised through shareholders' equity.

**Optional concentration test:** An optional test ('the concentration test') that allows the acquirer to carry out a simple assessment to determine whether the acquired set of activities and assets is not a business. The entity can choose whether or not to apply the concentration test for each transaction it makes. If the test is successful, then the acquired set of activities and assets is not a

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

business and no further assessment is required. If the test is not met or the entity does not carry out the test, then the entity needs to assess whether or not the acquired set of assets and activities meets the definition of a business in the normal way.

The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets

### xii) Employee benefits

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

#### a. Provident fund and Employee State Insurance scheme

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

#### b. Gratuity

Gratuity is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. Gratuity Fund is administered through Life Insurance Corporation of India and India First Life Insurance Company Limited. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in Other Comprehensive Income in the year in which such gains or losses arise.

#### c. Compensated absences

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

### xiii) Research and development expenses

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Development expenditure that does not meet any of the aforementioned conditions is recognised in the Statement of Profit and Loss as an expense as incurred.

Property, plant and equipment used for research and development are depreciated in accordance with the Company's policy on property, plant and equipment as stated above.

### xiv) Borrowing cost

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

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

### xv) Foreign currency transactions

#### *Initial recognition*

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### *Subsequent recognition*

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

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

### *Exchange differences*

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

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

Exchange difference arising on long term foreign currency monetary items not related to the acquisition of depreciable capital assets are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised through the Statement of Profit and Loss over the remaining term of the loan.

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

### **xvi) Taxes**

Tax expense recognised in the Statement of Profit and Loss comprises the sum of deferred tax and current tax except the ones recognised in Other Comprehensive Income or directly in equity.

Current tax is the amount of tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). The current tax is calculated using the tax rate that have been enacted or subsequently enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity).

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

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

### **xvii) Provisions and contingencies**

The Company creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### **xviii) Earnings per share**

Basic earnings per share is calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### xix) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

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

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

### xx) Cash and cash equivalents

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

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

### xxi) Rounding off amounts

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

## 4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these standalone financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- estimation on future sales, discount rates and terminal growth rates for determining impairment of investment in/ loan advanced to subsidiary companies;
- provision and contingent liabilities;
- carrying values of inventories;
- carrying values of hedging instruments;
- cash flow projections and liquidity assessment with respect to Covid-19, refer Note 47;
- lease classification, lease term and discount rates and
- impairment assessment of financial and non-financial assets

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### 5 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

#### A Property, plant and equipment (₹ in Crores)

Particulars	Gross block			Accumulated depreciation			Net block		
	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	Charge	Adjustment upon disposal	As at March 31, 2021	As at March 31, 2020
Land*	46.50	1.08	-	47.58	0.78	0.20	-	46.60	45.72
Buildings**	138.84	3.52	-	142.36	15.12	5.41	-	121.83	123.72
Furniture and fixtures	3.08	0.41	-	3.49	1.07	0.48	-	1.94	2.01
Plant and machinery***	464.72	98.72	5.04	558.40	114.46	42.61	0.87	402.20	350.25
Dies and moulds	47.38	6.96	1.53	52.81	17.72	10.77	1.53	25.85	29.66
Vehicles	13.76	0.41	0.89	13.28	8.10	1.68	0.66	4.16	5.67
Office equipment	6.04	0.73	0.02	6.75	3.48	1.18	0.02	2.11	2.56
<b>Total</b>	<b>720.32</b>	<b>111.83</b>	<b>7.48</b>	<b>824.67</b>	<b>160.73</b>	<b>62.33</b>	<b>3.08</b>	<b>604.69</b>	<b>559.59</b>

Particulars	Gross block			Accumulated depreciation			Net block		
	As at April 01, 2019	Additions	Disposals	As at March 31, 2020	As at April 01, 2019	Charge	Adjustment upon disposal	As at March 31, 2020	As at March 31, 2019
Land*	45.96	0.54	-	46.50	0.58	0.20	-	45.72	45.38
Buildings**	127.34	11.50	-	138.84	10.11	5.01	-	123.72	117.23
Furniture and fixtures	2.60	0.48	-	3.08	0.52	0.55	-	2.01	2.08
Plant and machinery	354.60	120.15	10.03	464.72	82.47	38.29	6.30	350.25	272.13
Dies and moulds	31.70	19.54	3.86	47.38	8.99	12.41	3.68	29.66	22.71
Vehicles	13.46	0.92	0.62	13.76	6.15	2.43	0.49	5.67	7.31
Office equipment	5.97	0.22	0.15	6.04	2.55	1.07	0.14	2.56	3.42
<b>Total</b>	<b>581.63</b>	<b>153.35</b>	<b>14.66</b>	<b>720.32</b>	<b>111.37</b>	<b>59.96</b>	<b>10.61</b>	<b>559.59</b>	<b>470.26</b>

\*Includes Right of use asset amounting to ₹19.02 crores (previous year ₹19.02 crores) with net block of ₹18.04 crores (previous year ₹18.24 crores) as at the reporting date, refer note 46.

\*\*Includes Right of use asset amounting to ₹3.22 crores (previous year ₹3.22 crores) with net block of ₹2.69 crores (previous year ₹3.07 crores) as at the reporting date, refer note 46.

\*\*\*Includes Right of use asset recognised during the year amounting to ₹2.37 crores (previous year nil) with net block of ₹2.04 crores (previous year nil) as at the reporting date, refer note 46.

<b>B Capital work-in-progress</b>	<b>Amount</b>
Capital work-in-progress as at March 31, 2021	55.98
Capital work-in-progress as at March 31, 2020	50.01

**C Intangible assets**

Particulars	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	Charge Adjustment upon disposal	As at March 31, 2021	As at March 31, 2020	(₹ in Crores)	
									As at March 31, 2021	As at March 31, 2020
Product development	3.25	-	-	3.25	0.00*	0.65	0.65	2.60	3.25	
Particulars	As at April 01, 2019	Additions	Disposals	As at March 31, 2020	As at April 01, 2019	Charge Adjustment upon disposal	As at March 31, 2020	As at March 31, 2019		
Product development	-	3.25	-	3.25	-	0.00*	0.00*	3.25	-	-

\*\* Amounts have been rounded off to zero.

**D Intangible under development**

Balance as at March 31, 2020	-
Additions	2.24
Disposals	-
Balance as at March 31, 2021	2.24

**E** Borrowing costs capitalized/transferred to capital work in progress during the year amounts to ₹0.43 crores (previous year ₹1.97 crores) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's borrowings during the year, in this case 9.57% (previous year 9.67%)

**F** (i) For details regarding charge on property, plant and equipment - refer note 16  
(ii) For details regarding contractual commitments for the acquisition of property, plant and equipment - refer note 37



**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)**

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>6 INVESTMENTS</b>		
<b>Non-current</b>		
<b>Investments in equity instruments in subsidiaries (at cost, fully paid up) - unquoted</b>		
<b>Rico Auto Industries Inc. (USA)</b>	<b>0.12</b>	0.12
2,500 equity shares of US\$ 10/- each (March 31, 2020: 2,500 equity shares of US\$ 10/- each)		
<b>Rico Auto Industries (UK) Ltd. (U.K.)</b>	<b>0.17</b>	0.17
20,000 equity share of GBP 1/- each (March 31, 2020: 20,000 equity share of GBP 1/- each)		
<b>AAN Engineering Industries Limited</b>	<b>0.05</b>	0.05
50,000 equity shares of ₹10/- each (March 31, 2020: 50,000 equity shares of ₹10/- each)		
<b>Rico Investments Limited</b>		
116,000,000 equity shares of ₹10/- each	<b>116.00</b>	116.00
(March 31, 2020: 116,000,000 equity shares of ₹10/- each)		
<b>Rico Fluidtronics Limited</b>	<b>21.21</b>	21.21
21,520,000 equity Shares of ₹10/- each (March 31, 2020: 21,520,000 equity shares of ₹10/- each)		
<b>Rico Friction Technologies Private Limited (formerly known as Metalart Friction Private Limited)</b>	<b>0.01</b>	-
7,000 equity Shares of ₹10/- each (Investment made during the current year)		
	<u><b>137.57</b></u>	<u>137.56</u>
Aggregate amount of un-quoted investment at cost (Non-current investment)	<b>137.57</b>	137.56
<b>7 LOANS</b>		
(Unsecured, considered good)		
<b>Non-current</b>		
Loan to related parties (refer note 41)	<b>42.12</b>	76.09
Less: Current maturities of long term loans	<b>14.62</b>	21.16
	<b>27.50</b>	54.93
Security deposits	<b>12.20</b>	11.33
	<u><b>39.70</b></u>	<u>66.26</u>
<b>Current</b>		
Loans to employees	<b>0.81</b>	1.02
	<u><b>0.81</b></u>	<u>1.02</u>
<b>8 OTHER ASSETS</b>		
<b>Non-current</b>		
Capital advances	<b>7.93</b>	15.39
Contract cost (refer note 45)	<b>15.04</b>	8.27
Prepaid expenses	<b>0.56</b>	0.22
	<u><b>23.53</b></u>	<u>23.88</u>
<b>Current</b>		
Advance to suppliers	<b>3.23</b>	8.59
Prepaid expenses	<b>3.18</b>	4.65
Income tax receivable	<b>2.14</b>	2.88
Balance with statutory/ government authorities	<b>20.15</b>	21.73
Contract cost (refer note 45)	<b>4.27</b>	2.07
Others	<b>3.19</b>	3.19
	<u><b>36.16</b></u>	<u>43.11</u>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>9 INVENTORIES</b>		
(valued at lower of cost or net realisable value)		
Raw material and components	65.79	34.90
Work-in-progress	4.01	4.38
Finished goods	59.61	38.15
Goods-in-transit (finished goods)	4.03	0.72
Stores and spares	56.26	48.65
	<u>189.70</u>	<u>126.80</u>
<b>10 TRADE RECEIVABLES</b>		
Unsecured, considered good	337.24	250.69
Unsecured, credit impaired	0.14	0.31
	<u>337.38</u>	<u>251.00</u>
Less: loss allowance	(0.14)	(0.31)
	<u>337.24</u>	<u>250.69</u>
<b>11 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.32	0.27
Balances with banks:		
In current accounts	4.15	1.00
	<u>4.47</u>	<u>1.27</u>
<b>12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Unpaid dividend accounts*	1.38	1.39
Bank deposits with maturity of more than 3 months and less than 12 months**	2.03	0.10
	<u>3.41</u>	<u>1.49</u>
<b>13 OTHER FINANCIAL ASSETS</b>		
(Unsecured, considered good)		
<b>Current</b>		
Current portion of loan to related parties (refer note 41)	14.62	21.16
Interest receivable	1.83	0.39
Unbilled revenue (refer note 45)	5.14	0.67
Insurance claim receivable	0.63	-
Export incentive receivable	8.37	5.56
Derivative asset measured at fair value (refer note 32)	0.63	0.78
Employee benefits recoverable from fund	0.57	1.89
Recoverable from electricity board	3.07	4.67
Others	2.62	0.70
	<u>37.48</u>	<u>35.82</u>

\* These balances are not available for use by the company and has been kept in escrow account for unclaimed dividends.

\*\*Pledged with bank for issuing letter of credit.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>14 EQUITY SHARE CAPITAL</b>		
<b>a) Authorised</b>		
490,000,000 equity shares of ₹1/- each (March 31, 2020: 490,000,000 equity shares of ₹1/- each)	49.00	49.00
5,000,000 redeemable preference shares of ₹10/- each (March 31, 2020: 5,000,000 redeemable preference shares of ₹10/- each)	5.00	5.00
	<u>54.00</u>	<u>54.00</u>
<b>b) Issued, subscribed and paid-up</b>		
135,285,000 equity shares of ₹1/- each fully paid up (March 31, 2020: 135,285,000 equity shares of ₹1/- each)	13.53	13.53
	<u>13.53</u>	<u>13.53</u>

### c) Reconciliation of number of equity shares outstanding

	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	13.53	13,52,85,000	13.53	13,52,85,000
Movement during the year	—	—	—	—
Outstanding at the end of the year	<u>13.53</u>	<u>13,52,85,000</u>	<u>13.53</u>	<u>13,52,85,000</u>

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

**Equity Shares:** The Holding Company has only one class of equity shares having a face value of ₹1 per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India Limited and BSE Limited.

In the event of liquidation of the Holding Company, the holder of equity shares will be entitled to receive remaining assets of the Holding Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	% of holding	No of shares	% of holding	No of shares
ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)	15.40	2,08,38,321	15.40	2,08,38,321
Arvind Kapur	9.38	1,26,85,960	9.37	1,26,74,960
Arun Kapur	6.48	87,70,849	6.47	87,56,599
Meraki Manufacturing and Finvest Advisors Private Limited	8.72	1,17,90,841	8.72	1,17,90,841
Higain Investments Private Limited	5.60	75,80,628	5.60	75,80,628

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

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
<b>15 OTHER EQUITY (REFER STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021)</b>		
Capital reserve *	0.00	0.00
Capital redemption reserve	2.00	2.00
Securities premium	145.04	145.04
Foreign currency monetary item translation difference	-	0.26
General reserve	79.54	79.54
Retained earnings	338.29	345.15
	<u>564.87</u>	<u>571.99</u>

\* Amounts have been rounded off to zero

### Description of reserves

#### a Capital reserve

The same has been created in accordance with provision of the Act on forfeiture of shares and debentures in past and is not available for distribution to owners.

#### b Capital redemption reserve

The same has been created on redemption of share capital and shall be utilised in accordance with provision of the Act.

#### c Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

#### d Foreign currency monetary item translation difference

Exchange differences arising on long term foreign currency monetary items (long term loans) are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining term of the loan.

#### e General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purpose.

#### f Retained earnings

Retained earnings are the accumulated profits earned by earned by the Company till date, as adjusted for distribution to owners.

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
<b>16 BORROWINGS</b>		
<b>Non-current (Secured)*</b>		
Term loan		
From banks		
Foreign currency loans	59.47	60.06
Rupee loans	222.12	149.82
From Financial institutions		
Rupee loans	25.59	25.00
Vehicle loans		
From financial institutions	0.63	1.45
From banks	0.72	0.94
<b>Non-current (Unsecured)</b>		
Term loan		
From related parties (refer note 41)	5.00	15.00
	<u>313.53</u>	<u>252.27</u>
Less: Current maturities of long term secured borrowings (refer note 17)	88.23	44.90
	<u>225.30</u>	<u>207.37</u>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
<b>Current (Secured) **</b>		
Working capital loans from banks:		
Rupee loans	156.36	153.81
<b>Current (Unsecured)**</b>		
Sale bills discounting	31.12	–
	187.48	153.81

\*Refer note A below for security details and other particulars terms for Non-current borrowings.

\*\*Refer note B below for security details and other particulars terms for current borrowings.

### A Security details and other terms - non-current secured loans

A1	Foreign currency term loan from Kotak Mahindra Bank Limited carries interest @ 6 months Libor+ 3.50 % per annum (previous year 6 months Libor+ 3.50% per annum) and is repayable in 16 equal quarterly installments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the certain immovable properties of the Company situated at Dharuhera and Gurugram. This term loan has been fully repaid on November 10, 2020.	–	2.85
A2	The Company has taken a Foreign currency term loan alongwith Interest rate swap from RBL Bank Limited. The loan carries fixed interest rate @ 2.80% per annum on euro notional and is repayable in 18 equal quarterly installments after moratorium of 6 quarters starting June, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	28.70	36.90
A3	Rupee term loan from RBL Bank Limited carries interest @ 9.70% to 9.80% per annum (previous year 10.50 % per annum) and is repayable in 14 equal quarterly installments starting June, 2017. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram. This Loan has been fully repaid on December 28, 2020.	–	0.71
A4	Rupee term loan from Yes Bank Limited carries interest @ 8.75 % to 10.40% per annum (previous year 9.45% to 10.40% per annum) and is repayable in 16 equal quarterly installments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	48.49	60.35
A5	Rupee term loan from Yes Bank Limited carries interest @ 9.95 % to 10.15% per annum and is repayable in 16 equal quarterly installments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	6.64	–
A6	The Company has taken term loan along with a interest rate swap (INR to Euro) from Indusind Bank Limited . The loan carries fixed interest rate at 4.50% per annum on Euro notional and is repayable in 12 equal quarterly installments starting November, 2018. The term loan is secured by exclusive charge on immovable properties (land & building) of the Company situated at Chennai and machinery imported under this facility.	4.36	8.79
A7	The Company has taken term loan alongwith a principal only swap (INR to Euro) from Kotak Mahindra Bank Limited. The loan carries interest @ 7.85% to 8.80% per annum (previous year 8.80% to 9.40% per annum) and is repayable in 16 equal quarterly installments after moratorium of 6 quarters starting December, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	13.07	13.63

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

		(₹ in Crores)	
		As at March 31, 2021	As at March 31, 2020
A8	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 7.90% to 8.85% per annum (previous year 8.85% to 9.45% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 13 quarters starting February, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	1.81	1.77
A9	The company has converted rupee term loan in euro, a cross currency swap from Kotak Mahindra Bank Limited, carries interest @ 3.05% per annum on euro notional (previous year @ 3.50% per annum on euro notional) and is repayable in 16 equal quarterly instalments after moratorium of 12 quarters starting December, 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	32.43	32.43
A10	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.15% to 9.20% per annum (previous year 9.20% to 9.60% per annum) and is repayable in 16 equal quarterly installments after moratorium of 9 quarters starting February, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	5.02	4.90
A11	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.15% to 9.15% per annum (previous year 9.15% to 9.50% per annum) and is repayable in 16 equal quarterly installments after moratorium of 3 quarters starting August, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	22.65	27.24
A12	Rupee term loan from Bajaj Finance Limited carries interest @ 9.30% per annum (previous year 9.30% per annum) and is repayable in 20 equal quarterly installments after moratorium of 5 quarters starting May, 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	25.59	25.00
A13	Supplier's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in three yearly installments starting July, 2019. Loan carries interest @ Euribor + 0.40% to 0.50% per annum (previous year Euribor + 0.35% to 0.50% per annum)	7.51	12.69
A14	Reimbursement authorization facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable after 3 years carrying interest @ Euribor + 0.78% per annum (previous year Euribor + 0.78% per annum).	7.87	7.62
A15	Buyer's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in one year ie September, 2022. Loan carries interest @ Euribor + 0.55% per annum.	15.39	-
A16	Rupee term loan from HDFC Bank Limited carries interest @ 8.60% per annum and is repayable in 20 equal quarterly installments after moratorium of 4 quarters starting January, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	25.00	-

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

		(₹ in Crores)	
		As at March 31, 2021	As at March 31, 2020
A17	Rupee working capital term loan (ECLGS) from Yes Bank Limited carries interest @ 7.25% per annum and is repayable in 48 equal monthly installments after moratorium of 12 months starting April, 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	17.00	-
A18	Rupee working capital term loan (ECLGS) from Kotak Mahindra Bank Limited carries interest @ 7.20% per annum and is repayable in 48 monthly installments after moratorium of 12 months starting February, 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	28.50	-
A19	Rupee working capital term loan (ECLGS) from RBL Bank Limited carries interest @ 7.15% per annum and is repayable in 48 equal monthly installments after moratorium of 12 months starting April, 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	17.15	-
A20	Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 47-60 carrying interest @ 7.20% to 9.52% per annum (Previous year 8.15% to 11.05% per annum).	1.35	2.39
		<u>308.53</u>	<u>237.27</u>
	<b>Unsecured loans</b>		
	Rupee term loan from wholly owned subsidiary Rico Fluidtronics Limited carries interest @ 8.00% per annum [previous year @ 8.00% per annum] and is repayable in 10 equal half yearly instalments after moratorium of 3 quarters starting June, 2020). However, the same has been repaid in full in the current year.	-	15.00
	Rupee term loan from subsidiary company Rico Investments Limited carries interest @ 8.00% per annum and is repayable in 12 equal quarterly instalments and the principal loan amount outstanding after moratorium of 3 years in a single payment.	5.00	-
		<u>313.53</u>	<u>252.27</u>
<b>B.</b>	<b>Security details and other terms</b>		
	<b>Current secured loans</b>		
B1	Working capital loans are secured against first pari passu charge on all the current assets of the Company including all types of stocks and book debts/ receivables (both present and future) carrying interest rate ranging from 4.60% to 9.95% per annum (previous year 5.60% to 10.55% per annum).	156.36	153.81
	<b>Current unsecured loans</b>		
B2	Working capital facility for sale bill discounting from banks carries interest @ 5.40% to 6.25% per annum	31.12	-
		<u>187.48</u>	<u>153.81</u>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
<b>17 OTHER FINANCIAL LIABILITIES</b>		
<b>Non Current</b>		
Lease liabilities (refer note 46)	3.70	2.61
	<u>3.70</u>	<u>2.61</u>
<b>Current</b>		
Current maturities of long-term debts		
Secured		
Foreign currency loans	38.97	16.76
Rupee loans	49.26	25.14
Unsecured		
Rupee loans	-	3.00
Derivative liability measured at fair value (refer note 32)	6.75	9.77
Lease liability (refer note 46)	1.00	0.53
Interest accrued but not due on borrowings	1.76	1.71
Unclaimed dividends	1.38	1.39
Security deposit	2.28	2.34
Capital creditors	20.97	26.07
Employee benefit payable	10.53	3.51
	<u>132.90</u>	<u>90.22</u>
<b>18 NON-CURRENT PROVISIONS</b>		
Provision for gratuity (refer note 38)	10.27	8.68
Provision for compensated absences	4.79	4.20
	<u>15.06</u>	<u>12.88</u>
<b>19 OTHER LIABILITIES</b>		
<b>Non-current</b>		
Security deposits	1.67	1.78
Deferred revenue	-	1.16
	<u>1.67</u>	<u>2.94</u>
<b>Current</b>		
Statutory liabilities	7.12	4.47
Security deposits	0.69	0.76
Contract liabilities - advances from customers (refer note 45)	11.27	22.01
Other liabilities	0.10	0.26
	<u>19.18</u>	<u>27.50</u>
<b>20 TRADE PAYABLES</b>		
Payable to micro enterprises and small enterprises (refer note 36)	4.24	4.79
Other payables (including payables to related parties (refer note 41))	302.41	204.32
	<u>306.65</u>	<u>209.11</u>



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>21 REVENUE FROM OPERATIONS - (REFER NOTE 45)</b>		
Operating revenues		
Sale of products	1,243.94	1,157.35
Sale of services (job work income)	1.98	0.99
	<u>1,245.92</u>	<u>1,158.34</u>
Other operating revenues		
Scrap sales	8.26	10.34
Duty draw back and other incentives	11.19	18.38
Unwinding of deferred revenue	1.23	-
Business support services	1.67	3.24
Others	8.09	2.43
	<u>1,276.36</u>	<u>1,192.73</u>
<b>22 OTHER INCOME</b>		
Interest income	7.35	9.76
Dividend income from subsidiary companies	7.95	4.50
Exchange rate fluctuation (net)	3.15	8.21
Rental income	5.02	7.63
Miscellaneous income	4.87	3.44
	<u>28.34</u>	<u>33.54</u>
<b>23 COST OF MATERIALS CONSUMED</b>		
<b>Raw material and components</b>		
Opening stock	34.90	19.51
Add : Purchases during the year	869.20	775.98
Less : Closing stock	65.79	34.90
Raw material consumed	<u>838.31</u>	<u>760.59</u>
<b>24 CHANGES IN INVENTORIES OF WORK IN PROGRESS, STOCK-IN-TRADE AND FINISHED GOODS</b>		
<b>(a) Work-in-progress</b>		
Opening stock	4.38	1.45
Closing stock	4.01	4.38
	<u>0.37</u>	<u>(2.93)</u>
<b>(b) Finished goods</b>		
Opening stock	38.15	37.13
Closing stock	63.64	38.15
	<u>(25.49)</u>	<u>(1.02)</u>
	<u>(25.12)</u>	<u>(3.95)</u>
<b>25 OTHER MANUFACTURING EXPENSES</b>		
Consumption of stores and spares	46.75	41.94
Power and fuel	57.05	51.75
	<u>103.80</u>	<u>93.69</u>
<b>26 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	145.87	150.53
Contribution to provident and other funds (refer note 38)	10.17	10.59
Staff welfare expenses	6.50	7.52
	<u>162.54</u>	<u>168.64</u>
<b>27 FINANCE COSTS</b>		
Interest expense towards loans and lease liabilities	33.50	24.00
Other borrowing costs	0.86	1.57
Exchange differences regarded as an adjustment to borrowing costs	0.60	1.61
	<u>34.96</u>	<u>27.18</u>
<b>28 OTHER EXPENSES</b>		
Rent (refer note 46)	2.93	2.46
Repairs		
Buildings	0.65	1.33
Machinery	5.00	5.22
Others	3.12	3.14
Insurance	2.94	2.49
Rates and taxes	2.17	0.57
Directors' sitting fees	0.37	0.33
Traveling and conveyance	3.78	4.98
Legal and professional*	8.51	9.96
Vehicle running and maintenance	2.30	2.76

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

	Year ended March 31, 2021	Year ended March 31, 2020
Freight and forwarding	91.10	51.04
Inspection and other charges	4.27	7.25
Amortisation of contract cost	2.04	-
Loss allowances	0.09	0.53
Miscellaneous expenses	2.57	3.06
	<u>131.84</u>	<u>95.12</u>
<b>*Includes payment to the statutory auditors on account of:</b>		
Statutory audit fees including limited reviews	0.55	0.56
Certification services	0.02	0.06
Reimbursement of expenses	0.03	0.06
	<u>0.60</u>	<u>0.68</u>
<b>29 EXCEPTIONAL ITEMS</b>		
Expenditure incurred on account of voluntary retirement scheme	4.25	5.21
	<u>4.25</u>	<u>5.21</u>
<b>30 INCOME TAX</b>		
A The reconciliation of estimated income tax expense at statutory income tax rate is as follows:		
(Loss) / Profit before income tax expense	(8.85)	13.65
Income tax using the Company's domestic tax rate @ 34.94% for both the years	(3.09)	4.77
Tax incentives and concessions	(0.27)	(5.04)
Non deductible expenses	0.27	0.53
Effect of change in tax rates (refer note below)	-	(3.19)
<b>Income tax expenses recognised in the statement of profit and loss Tax expense</b>	<b>(3.09)</b>	<b>(2.93)</b>
Current tax	(0.28)	2.23
Deferred tax credit	(2.81)	(5.16)
<b>Total tax expense</b>	<b>3.09</b>	<b>(2.93)</b>

**Note:**

During the previous year, pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Company has carried out an evaluation and based on its forecasted profits, believes it will not be beneficial for the Company to choose the lower tax rate option till the year ending March 31, 2023. Accordingly, current tax liabilities have been recorded at effective rate of 34.944% and deferred tax asset/liabilities revering after 31 March 2023 have been recorded at lower tax rate of 25.17% resulting in reversal of deferred tax liabilities (net) of ₹3.19 crores.

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

Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognised /(reversed) through profit and loss	Recognised /(reversed) through OCI/ equity	Closing Balance
For the period ended March 31, 2020				
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	26.42	6.34	-	32.76
Financial assets and liabilities at amortised cost (including leases)	13.42	1.81	-	15.23
Others	0.16	(0.16)	-	-
	<u>40.00</u>	<u>7.99</u>	<u>-</u>	<u>47.99</u>
<b>Deferred tax assets</b>				
Employee benefits	(9.18)	0.92	(0.63)	(8.89)
Carry forward loss	-	(11.05)	-	(11.05)

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

Minimum alternative tax credit entitlement	(12.78)	(2.22)	–	(15.00)
Effective portion of loss on hedging instruments	–	–	(2.43)	(2.43)
Others	0.15	(0.79)	–	(0.64)
	<b>(21.81)</b>	<b>(13.14)</b>	<b>(3.06)</b>	<b>(38.01)</b>
<b>Net deferred tax liabilities</b>	<b>18.19</b>	<b>(5.16)</b>	<b>(3.06)</b>	<b>9.98</b>
Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognised/(reversed) through profit and loss	Recognised/(reversed) through OCI/equity	Closing Balance
For the period ended March 31, 2021				
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	32.76	6.67	–	39.43
Financial assets and liabilities at amortised cost	15.23	0.20	–	15.43
	<b>47.99</b>	<b>6.87</b>	<b>–</b>	<b>54.86</b>
<b>Deferred tax assets</b>				
Employee benefits	(8.89)	0.73	(0.53)	(8.69)
Carry forward loss	(11.05)	(9.49)	–	(20.54)
Minimum alternative tax credit entitlement	(15.00)	(0.92)	–	(15.92)
Effective portion of loss on hedging instruments	(2.43)	–	2.11	(0.32)
Others	(0.64)	–	–	(0.64)
	<b>(38.01)</b>	<b>(9.68)</b>	<b>1.58</b>	<b>(46.11)</b>
<b>Net deferred tax liabilities</b>	<b>9.98</b>	<b>(2.81)</b>	<b>1.58</b>	<b>8.75</b>

**Note:** Deferred tax assets and deferred tax liabilities have been netted off to the extent they relate to the same governing taxation laws.

### 31 (LOSS)/EARNING PER SHARE

	(₹ in Crores)	
	Year ended March 31, 2021	Year ended March 31, 2020
(Loss)/Profit after tax (A)(₹)	(5.76)	16.58
Weighted average number of equity shares (basic/diluted) (B)	135,285,000	135,285,000
Nominal value of equity share (₹)	1.00	1.00
(Loss)/Earning per share - basic/diluted (A/B) (₹)	(0.43)	1.23

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### 32 FINANCIAL INSTRUMENTS

#### A Financial Instruments by Category

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

	As at March 31, 2021		As at March 31, 2020	
	Derivatives (FV) used for hedging	Amortised Cost*	Derivatives (FV) used for hedging	Amortised Cost*
<b>Financial assets</b>				
<b>Non-current</b>				
Investment	–	137.57	–	137.56
Loans	–	39.70	–	66.26
Other financial assets	–	–	–	–
<b>Current</b>				
Trade Receivables	–	337.24	–	250.69
Cash and cash equivalents	–	4.47	–	1.27
Bank balances other than cash and cash equivalents	–	3.41	–	1.49
Loans	–	0.81	–	1.02
Other financial assets	0.63	36.85	0.78	35.04
	0.63	560.05	0.78	493.33
<b>Financial liabilities</b>				
<b>Non-current</b>				
Borrowings (excluding current maturities)	–	225.30	–	207.37
Other financial liabilities	–	3.70	–	2.61
<b>Current</b>				
Borrowings	–	187.48	–	153.81
Trade payables	–	306.65	–	209.11
Other financial liabilities	6.75	126.15	9.77	80.45
	6.75	849.28	9.77	653.35

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

#### B Fair value hierarchy

The categories used are as follows:

- Level 1: Quoted price in active market.
- Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Company.

##### B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at	Level 1	Level 2	Level 3	Total
Derivative asset	March 31, 2021	–	0.63	–	0.63
Derivative liability	March 31, 2021	–	6.75	–	6.75
Derivative asset	March 31, 2020	–	0.78	–	0.78
Derivative liability	March 31, 2020	–	9.77	–	9.77

#### C Derivative financial instruments and hedge accounting

The Company's exposure arises mainly on import (of raw material and capital items), export (of finished goods) and foreign currency borrowings. The Company follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Company, management uses certain derivative instruments to manage its exposure to the foreign currency risk. Foreign currency transactions are managed within approved policy parameters. The Company uses forward contracts, cross currency swap and interest rate swaps to hedge its exposure to foreign currency and interest rate risk. These derivatives are

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

designated as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

### Impact of hedging activities

#### (i) Effects of hedge accounting on balance sheet as at 31 March 2021:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 9,739,372	-	5.88	Apr 2020 - Sep 2025	77.87	0.72	(0.59)
(ii) Forward contracts	USD 3,600,000	0.44	-	Apr 2020 - Sep 2020	77.37	(1.75)	(1.75)
(iii) Forward contracts	EUR 1,200,000	0.19	-	Apr 2020 - Sep 2020	87.17	(0.14)	(0.14)
Interest rate risk							
(i) Interest rate swap	EUR 4,754,829	-	0.87	Apr 2020 - Sep 2024	2.80%	(0.32)	(0.32)
<b>Total</b>		<b>0.63</b>	<b>6.75</b>				

#### (ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2021:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	8.99	(0.13)	3.45	Revenue
Interest rate risk	0.32	-	(0.29)	Finance cost

#### Previous year impact of hedging activities:

#### (i) Effects of hedge accounting on balance sheet as at 31 March 2020:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 11,701,802	-	6.54	Apr 2020 - Sep 2025	78.33	(4.27)	4.31
(ii) Forward contracts	USD 8,850,000	0.73	2.04	Apr 2020 - Sep 2020	73.07	(1.31)	1.31
(iii) Forward contracts	EUR 600,000	0.05	-	Apr 2020 - Sep 2020	84.81	(0.05)	0.05
Interest rate risk							
(i) Interest rate swap	EUR 4,754,829	-	1.19	Apr 2020 - Sep 2024	2.80%	0.11	(0.11)
<b>Total</b>		<b>0.78</b>	<b>9.77</b>				

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### (ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2020:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Cash flow hedge				
Foreign exchange risk	(8.33)	(0.04)	1.55	Revenue
Interest rate risk	0.11	-	(0.24)	Finance cost

### (iii) Movement in cash flow hedge reserve

Particulars	Foreign currency and interest rate risk (As at March 31, 2021)	Foreign currency and interest rate risk (As at March 31, 2020)
<b>Opening balance</b>	(4.52)	-
Add: Changes in fair value of hedging instruments	9.18	(8.26)
Less: Amounts reclassified to profit or loss	(3.16)	1.31
Less: Deferred tax relating to above (net)	(2.11)	2.43
<b>Closing balance</b>	(0.61)	(4.52)

## 33 CAPITAL MANAGEMENT

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

### Total debt divided by total equity

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
Total debts*	469.89	406.08
Total equity#	578.40	585.52
Debt equity ratio	0.81	0.69

\* includes short term and long term borrowings with current maturities

# includes equity share capital and other equity

## 34 FINANCIAL RISK MANAGEMENT

### 34A Market risk:

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks namely currency risk and interest rate risk. The objective of the market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return

#### a. Foreign currency risk:

The Company's exposure arises mainly on import of raw material and capital items, export (of finished goods) and foreign currency borrowings. The Company follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Company, management uses certain derivative instruments to manage its exposure to the foreign currency risk. Foreign currency transactions are managed within approved policy parameters.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### (i) Particulars of unhedged foreign currency exposure as at the reporting date

The Company exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

(₹ in Crores)					
As at March 31, 2021	USD	JPY	EURO	GBP	Total
Trade payable	16.77	0.14	4.68	2.99	24.57
Advance from customer	1.84	–	2.68	–	4.53
Other Payables	–	–	–	–	–
Borrowings:					
Term loan#	–	–	115.59	–	115.59
Less: Investments	0.18	–	–	0.20	0.38
Less: Cash & Bank	0.24	–	0.89	–	1.14
Less: Advance to supplier	0.51	1.73	2.66	0.19	5.09
Less: Trade receivable	57.43	–	38.71	–	96.13
<b>Net payable / (receivable)</b>	<b>(39.76)</b>	<b>(1.59)</b>	<b>80.69</b>	<b>2.60</b>	<b>41.94</b>
Impact on profit and loss account on account of change in currency					
Sensitivity to increase of 1%	0.40	0.02	(0.81)	(0.03)	(0.42)
Sensitivity to decrease of 1%	(0.40)	(0.02)	0.81	0.03	0.42

#Includes INR to EUR swap amounting to EUR 6,041,172 outstanding as at 31 March 2021

(₹ in Crores)					
As at March 31, 2020	USD	JPY	EURO	GBP	Total
Trade payable	12.19	0.28	13.67	–	26.14
Advance From Customer	1.44	–	2.68	2.84	5.58
Other Payables	0.01	–	0.07	–	0.08
Borrowings:					
Term loan#	2.83	–	116.96	–	119.79
Less: Investments	0.19	–	–	0.19	0.38
Less: Cash & Bank	0.00	–	0.33	–	1.14
Less: Advance to supplier	3.65	1.15	8.96	–	13.76
Less: Trade Receivable	53.25	–	13.15	–	66.40
<b>Net payable / (receivable)</b>	<b>(40.62)</b>	<b>(0.87)</b>	<b>109.57</b>	<b>2.66</b>	<b>70.74</b>
Impact on profit and loss account on account of change in currency					
Sensitivity to increase of 1%	0.41	0.01	(1.10)	(0.03)	(0.71)
Sensitivity to decrease of 1%	(0.41)	(0.01)	1.10	0.03	0.71

# Includes INR to EURO Swap amounting to EURO 6,946,973 outstanding as at 31<sup>st</sup> March 2020.

(₹ in Crores)			
	Currency sold	As at March 31, 2021	As at March 31, 2020
Derivatives outstanding at the reporting date:			
Forward contract (sell) against exports	USD	18.99	64.66
Forward contract (sell) against exports	EURO	19.32	5.09

### b. Interest rate risk:

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

(₹ in Crores)		
	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	290.40	193.90

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

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

Variable rate borrowings	(₹ in Crores)	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest rate increase by 0.5%	1.45	0.97
Interest rate decrease by 0.5%	(1.45)	(0.97)

### 34B Credit Risk :

Credit risk refers to the risk of default on its obligation by the customer/counter party resulting in a financial loss. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarised below:

Particulars	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	4.47	1.27
Other bank balances	3.41	1.49
Trade receivables	337.24	250.69
Loans	40.51	67.28
Other financial assets	37.48	35.82

#### Cash and cash equivalents and bank balances

Credit risk relating to cash and cash equivalents and restricted cash is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an on-going basis.

#### Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. In Accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 and March 31, 2020 is insignificant.

#### Loans and other financial assets measured at amortised cost

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

Given below is the ageing of trade receivable and loans:

Particulars	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
<b>A Trade Receivables</b>		
Outstanding for more than six months	14.98	10.98
Others	322.26	239.71
	<u>337.24</u>	<u>250.69</u>
<b>B Loans</b>		
Less than 1 year	14.62	21.16
1-3 years	27.50	37.85
More than 3 years	-	17.07
	<u>42.12</u>	<u>76.09</u>

### 34C Liquidity risk:

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the Company. The Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirements.



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

The below tables summarise the maturity profile of the Company's financial liabilities:

	(₹ in Crores)			
	Less than 1 year	1 - 3 years	More than 3 years	Total
<b>As at March 31, 2021</b>				
Borrowing (including interest)	291.37	169.24	88.84	549.45
Interest accrued but not due on borrowings	1.76	–	–	1.76
Trade payable (including capital creditors)	306.65	–	–	306.65
Unclaimed dividends	1.38	–	–	1.38
Employee benefit payable	10.53	–	–	10.53
Security deposit	2.28	–	–	2.28
Derivative liability measured at fair value	6.75	–	–	6.75
Lease liabilities	1.00	3.70	–	4.70
	<b>606.06</b>	<b>146.55</b>	<b>82.45</b>	<b>835.06</b>
<b>As at March 31, 2020</b>				
Borrowing (including interest)	209.02	152.06	92.00	453.08
Interest accrued but not due on borrowings	1.71	–	–	1.71
Trade payable (including capital creditors)	235.18	–	–	235.18
Unclaimed dividends	1.39	–	–	1.39
Employee benefit payable	3.51	–	–	3.51
Security deposit	2.34	–	–	2.34
Derivative liability measured at fair value	9.77	–	–	9.77
Lease liabilities	0.53	0.91	1.70	3.14
	<b>453.13</b>	<b>124.46</b>	<b>85.52</b>	<b>663.12</b>

### 35 CONTINGENCIES

**A Contingent liability :** The Company has contingent liabilities in respect of:

#### A1 Demand against the Company not acknowledged as liability

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
Income taxes	0.00*	0.03
Sales tax and Value added tax	0.62	0.61
Excise and service tax	6.44	6.50
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60

\* Amounts have been rounded off to zero

**A2** \*\* DHBVN had demanded ₹ 5.60 crores (previous year ₹ 5.60 crores) for overdrawing power as compared to approved load limit. DHBVN filed a writ petition before Honourable High Court of Punjab and Haryana which was dismissed on account of non-prosecution on February 15, 2016. Thereafter, DHBVN filed case against the Company with divisional bench of Honourable High Court of Punjab and Haryana. The Company has deposited ₹ 3.60 crores with DHBVN. The case is presently pending and next hearing is on July 29<sup>th</sup>, 2021.

**A3** The Company has given comfort letters to banks for funds raised by its step-down subsidiary companies, namely Rico Jinfei Wheels Limited ₹42.60 crores (previous year ₹19.64 crores) and Rico Aluminium and Ferrous Auto Components Limited ₹1.50 crores (previous year ₹7.13 crores).

**A4** The Company has provided support letter to its step-down subsidiary, Rico Jinfei Wheels Limited.

**A5** The Company has given corporate guarantee of ₹1.04 crores (previous year ₹1.18 crores) for the funds raised by its subsidiary company, AAN Engineering Industries Limited.

#### B Other matter

GAIL (India) Limited ("GAIL") had raised a demand against the Company in relation to minimum gas consumption by the Company in accordance with the terms of Gas Sale Agreement executed between GAIL and the Company. The Company had filed a case against GAIL with Competition Commission of India which was decided in favour of the Company, however GAIL continued to send demand notices to the Company (amounting to ₹34.58 crores, as at reporting date) however the Company refuted the claims filed by GAIL. During the current and previous year, the Company has received waiver letters from GAIL in respect of such demand notices and accordingly the Company believes that there will be no outflow of resources in respect of claims filed by GAIL.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### 36 DUES TO MICRO AND SMALL ENTERPRISES

(₹ in Crores)

	As at March 31, 2021		As at March 31, 2020	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	4.24	–	4.79	–
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	–	–	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	–	–	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	–	–	–	–

This information as required to be disclosed under the Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 37 COMMITMENTS

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹ 7.93 crores (March 31, 2020: ₹ 15.39 crores)]	26.98	38.65

### 38 Employee benefits

#### A. Defined contribution plans

(₹ in Crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Employer's contribution to provident fund	5.30	5.82
Employer's contribution to ESI	0.29	0.29

#### B. Defined benefit plan

##### GRATUITY

In accordance with The Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years the liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India and Indiafirst Life Insurance Company Limited with whom the plan assets are maintained.

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

(₹ in Crores)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>B1 Change in defined benefit obligation</b>		
Present value of obligation as at beginning of the year	17.44	17.69

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost*	1.47	1.42
Interest cost	1.19	1.35
Benefits paid	(2.20)	(4.55)
Actuarial loss	1.45	1.53
<b>Present value of obligation as at end of the year</b>	<b>19.35</b>	<b>17.44</b>
*Included in employee benefit expenses.		
<b>B2 Change in fair value of plan assets</b>		
Fair value of assets at the beginning of the year	8.76	9.01
Expected return on plan assets	0.60	0.69
Employers contributions	1.65	3.60
Benefits paid	(1.93)	(4.55)
<b>Fair value of plan assets as at end of the year</b>	<b>9.08</b>	<b>8.76</b>
<b>B3 The amounts to be recognised in balance sheet</b>		
Present value of obligation as at the end of the year	19.35	17.44
Fair value of plan assets as at the end of the year	9.08	8.76
<b>Net liability recognised in Balance Sheet</b>	<b>10.27</b>	<b>8.68</b>
- Non-current	<b>10.27</b>	<b>8.68</b>
<b>B4 Expense recognised during the year</b>		
<b>In profit and loss</b>		
Current service cost	1.47	1.42
Interest cost (net of income)	0.59	0.65
<b>Net cost</b>	<b>2.06</b>	<b>2.07</b>
In other comprehensive income		
- Change in financial assumptions	0.09	(0.70)
- experience variance (i.e. actual experience vs assumptions)	1.39	2.45
<b>Net cost</b>	<b>1.48</b>	<b>1.75</b>
<b>B5 Actuarial assumptions:</b>		
Discount rate	<b>6.75%</b>	6.80%
Rate of increase in compensation levels	<b>5.50%</b>	0% for first year 5.5% thereafter
Mortality rate (% of IALM 12-14)	<b>100.00%</b>	100.00%
Retirement age (years)	<b>58</b>	58
Attrition / Withdrawal rates, based on age (per annum)		
Upto 30 years	<b>7.40%</b>	7.40%
31 to 40 years	<b>2.80%</b>	2.80%
41 to 50 years	<b>0.52%</b>	0.52%
Above 50 years	<b>0.22%</b>	0.22%

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### B6 Sensitivity analysis for gratuity liability

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

	(₹ in Crores)			
	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	18.44	20.31	16.58	18.38
Impact of change in salary (+/- 0.5%)	20.32	18.43	18.39	16.56
Impact of change in attrition rate (+/- 0.5%)	19.40	19.29	17.50	17.38

### B7 Experience adjustment related to gratuity is summarised as below:

Particulars	(₹ in Crores)					
	Year ended					
	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
On plan liabilities - gain/(loss)	(0.30)	(1.54)	(1.44)	(0.52)	(2.45)	(1.38)
On plan assets - gain/(loss)	(0.03)	(0.22)	-	-	-	-

### B8 Expected Contribution during the next annual reporting period

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
The Company's best estimate of Contribution during the next year	11.92	10.18

### B9 Maturity Profile of Defined Benefit Obligation

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average duration (based on discounted cash flows)	10 years	11 years

### Expected cash flows over the next (valued on undiscounted basis):

	As at March 31, 2021	As at March 31, 2020
1 year	10 years	11 years
2 to 5 years	5.33	4.25
6 to 10 years	9.29	8.70
More than 10 years	26.11	26.10

### C Other long-term benefit plans

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

Actuarial valuation has been done with the following assumptions:

	(₹ in Crores)	
	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	6.75%	6.80%
Salary growth rate	5.50%	0% for first year 5.5% thereafter
Mortality rate (% of IALM 12-14)	100%	100%
Retirement age (years)	58	58
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### 39 EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ in Crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Capital expenditure	2.55	4.05
Employee benefits expense	6.90	10.34
Revenue expenditure other than depreciation	2.39	3.01
Depreciation on research and development assets	2.07	1.29

### 40 Information pursuant to regulation 34, read with Schedule V (Part A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended:

#### Loans and advances in the nature of loans to subsidiaries

(₹ in Crores)

Name of entity	As at March 31, 2021	As at March 31, 2020	Maximum balance outstanding during the year ended	
			March 31, 2021	March 31, 2020
Rasa Autocom Limited (Step down subsidiary)	–	26.03	26.03	32.03
Rico Jinfei Wheels Limited (Step down Subsidiary)	37.71	44.82	44.82	54.33
AAN Engineering Industries Limited (subsidiary)	4.41	5.24	5.24	5.24

### 41 RELATED PARTY DISCLOSURES

#### I Related parties

##### A Subsidiaries

##### A1 Indian

- i. AAN Engineering Industries Limited
- ii. Rico Investments Limited
- iii. Rico Aluminium and Ferrous Auto Components Limited (step down subsidiary)
- iv. Rasa Autocom Limited (step down subsidiary)
- v. Rico Jinfei Wheels Limited (step down subsidiary)
- vi. Rico Fluidtronics Limited
- vii. Rico Friction Technologies Private Limited (Formerly known as Metalart Friction Private Limited)

##### A2 Foreign

- i. Rico Auto Industries Inc. (USA)
- ii. Rico Auto Industries (UK) Limited, UK

##### B Other Related Parties (Entity in which KMP exercise significant influence)

- i. ASN Manufacturing and Services Private Limited
- ii. Higain Investments Private Limited
- iii. Magpie Manufacturing and Tech Private Limited
- iv. ASN Properties Private Limited
- v. Rico Castings Limited
- vi. Helical Spring (Unit of T.K. Precision Private Limited)
- vii. Kapbros Engineering Industries Limited
- viii. Haridwar Estates Private Limited
- viii. Ishvara Manufacturing and Finvest Advisors Private Limited

##### C Key management personnel

- i) Shri Arvind Kapur – Chairman, CEO & Managing Director
- ii) Shri Arun Kapur – Joint Managing Director
- iii) Smt. Upasna Kapur – Non-Executive Director
- iv) Shri Amarjit Chopra – Independent Director
- v) Shri Satish Sekhri – Independent Director
- vi) Shri Ashok Seth – Independent Director
- vii) Shri Kanwal Monga – Independent Director
- viii) Shri Rajeev Kapoor – Independent Director

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

- ix) Shri Vinod Kumar Nagar – Independent Director
  - x) Ms. Sarita Kapur– Independent Director (w.e.f. August 28, 2020)
  - xi) Shri Rakesh Kumar Sharma – Chief Financial Officer \*
  - xii) Shri B.M Jhamb- Company Secretary\*
- \* as per the Companies Act 2013

### II Transactions with related parties:

		(₹ in Crores)	
		Year ended March 31, 2021	Year ended March 31, 2020
<b>A</b>	<b>Step down subsidiary/Subsidiary</b>		
<b>1</b>	<b>Rasa Autocom Limited</b>		
	Purchase of raw material	63.15	85.12
	Sale of finished goods	1.67	20.63
	Sale of assets*	0.00	3.25
	Purchase of property, plant and equipments	16.81	0.78
	Reimbursement of expenses	2.98	0.56
	Recovery of expenses	1.76	0.57
	Rent paid	0.35	0.22
	Interest income	1.90	3.15
	Repayment of loan (assets)	26.03	–
<b>2</b>	<b>Rico Jinfei Wheels Limited</b>		
	Purchase of raw material	5.65	4.54
	Sale of finished goods	1.38	2.53
	Repayment of loan (assets)	7.13	9.50
	Recovery of expenses	0.08	0.09
	Interest income	4.13	5.27
	Purchase of property, plant and equipments*	0.00	0.25
	Rent paid	0.03	–
	Reimbursement of expenses	0.02	–
<b>3</b>	<b>Rico Aluminium and Ferrous Auto Components Limited</b>		
	Purchase of raw material	178.38	202.4
	Sale of finished goods	12.93	9.46
	Sale of assets	0.25	0.75
	Rent income	5.49	8.41
	Purchase of assets	0.57	7.71
	Rent expense	0.42	0.42
	Job work expenses	–	3.28
	Recovery of expenses	44.67	49.14
	Reimbursement of expenses	0.03	–
	Purchase of services	0.71	0.81
<b>4</b>	<b>Rico Auto Industries Inc, USA</b>		
	Sale of finished goods	138.61	127.08
	Reimbursement of expenses	8.75	4.09
<b>5</b>	<b>Rico Auto Industries (UK) Limited, UK</b>		
	Sale of goods	5.38	3.96
	Reimbursement of expenses	0.14	0.11
<b>6</b>	<b>AAN Engineering Industries Limited</b>		
	Rent income	0.16	0.28
	Recovery of expenses	0.00	0.14
	Interest income	0.48	0.43
	Sale of goods	10.19	2.38
	Purchase of goods including job work	11.25	2.44
	Purchase of property, plant and equipment	0.02	0.71
	Repayment of loan (assets)	0.84	–

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

		(₹ in Crores)	
		Year ended March 31, 2021	Year ended March 31, 2020
<b>7</b>	<b>Rico Investments Limited</b>		
	Rent income	0.01	0.01
	Dividend received	5.80	1.16
	Recovery of expenses	0.08	-
	Loan received	5.00	-
	Interest paid	0.21	-
<b>8</b>	<b>Rico Fluidtronics Limited</b>		
	Loan received	-	15.00
	Repayment of loan	15.00	0.00
	Sale of goods	4.68	6.05
	Business support services	1.20	1.85
	Dividend received	2.15	3.34
	Interest paid	0.59	0.52
	Purchase of goods	0.52	2.44
	Reimbursement of expense	0.66	0.57
	Purchase of property, plant and equipment	0.03	-
<b>9</b>	<b>Rico Friction Technologies Private Limited (Formerly known as Metalart Friction Private Limited)</b>		
	Purchase of goods	1.61	-
<b>B</b>	<b>Entity in which directors are interested</b>		
<b>1</b>	<b>Rico Casting Limited</b>		
	Purchase of goods	22.04	17.64
	Sale of goods	14.54	11.63
	Recovery of expenses	0.02	0.02
	Job work income	0.01	0
<b>2</b>	<b>Kapros Engineering Industries Limited</b>		
	Purchase of raw material	68.68	68.49
	Sale of goods	0.93	5.51
	Purchase of property, plant and equipment	4.31	1.41
	Sale of assets*	0.00	0.56
	Recovery of expenses	0.27	0.87
	Reimbursement of expenses	0.41	0.04
	Rent income	0.01	-
<b>3</b>	<b>ASN Manufacturing and Services Private Limited</b>		
	Rent expense	1.12	1.15
	Rent income	0.08	0.11
	Job work expense	0.00	0.17
	Sales of goods	3.54	0.92
	Purchase of goods	4.32	1.07
	Reimbursement of expenses	-	0.01
	Recovery of expenses	0.02	-
	Security deposit	0.26	-
<b>4</b>	<b>Magpie Manufacturing and Tech Private Limited</b>		
	Purchase of raw material	12.96	10.37
<b>5</b>	<b>Helical Spring (Unit of T.K. Precision Private Limited)</b>		
	Purchase of raw material	6.61	6.16
	Recovery of expenses	0.07	0.07
	Job Work Income*	0.00	0.00

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

	(₹ in Crores)	
	Year ended March 31, 2021	Year ended March 31, 2020
<b>6 Ishwara Manufacturing and Finvest Advisors Private Limited</b>		
Rent expense	0.08	0.06
<b>7 ASN Properties Private Limited</b>		
Rent income*	0.00	0.00
<b>8 Key management personnel compensation**</b>		
Shri Arvind Kapur	3.37	4.56
Shri Arun Kapur	0.30	0.65
Shri Rakesh Kumar Sharma#	0.57	0.71
Shri BM Jhamb#	0.37	0.42
Sitting fees and commission	0.37	0.48

\* Amounts have been rounded off to zero

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

# As per section 203 of Companies Act 2013, definition of Key Managerial Personnel includes Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary.

Note: The above transactions are in the ordinary course of business.

### III Balances with related parties:

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
<b>A Step down subsidiary/Subsidiary</b>		
<b>1 Rasa Autocom Limited</b>		
Trade payables	4.52	9.73
Loans	-	26.03
<b>2 Rico Jinfei Wheels Limited</b>		
Trade payables	0.07	1.37
Loans	37.71	44.82
<b>3 Rico Aluminium and Ferrous Auto components Limited</b>		
Trade receivables	27.99	31.15
<b>4 Rico Auto Industries Inc, USA</b>		
Trade receivables	43.90	31.77
<b>5 Rico Auto Industries (UK) Limited, UK</b>		
Trade payables	3.55	4.98
<b>6 AAN Engineering Industries Limited</b>		
Trade receivables	1.33	-
Trade payables	-	0.12
Loans	4.41	5.24
<b>7 Rico Investment Limited</b>		
Trade receivables	0.08	0.00
Long-term Borrowing	5.00	-
<b>8 Rico Fluidtronics Limited</b>		
Long-term Borrowing	-	15.00
Trade receivables	1.09	-
Trade payables	-	0.84
Interest payable	-	0.52
<b>9 Rico Friction Technologies Private Limited (formerly Metalart Friction Private Limited)</b>		
Trade payables	0.55	-



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

		(₹ in Crores)	
		As at March 31, 2021	As at March 31, 2020
<b>B</b>	<b>Entity in which directors are interested</b>		
<b>1</b>	<b>Rico Castings Limited</b>		
	Trade receivables	1.08	2.99
<b>2</b>	<b>Kapbros Engineering Industries Limited</b>		
	Balance payables	1.17	0.33
<b>3</b>	<b>ASN Manufacturing And Services Private Limited</b>		
	Security deposits	0.26	0.26
	Trade receivables	0.05	0.35
<b>4</b>	<b>Magpie Manufacturing and Tech Private Limited</b>		
	Trade payables	2.28	1.20
<b>5</b>	<b>Haridwar Estates Private Limited</b>		
	Advance to supplier	–	0.09
<b>6</b>	<b>Helical Spring (Unit of T.K. Precision Private Limited)</b>		
	Trade payables	1.75	1.79
<b>7</b>	<b>ASN Properties Private Limited</b>		
	Trade receivables	0.00*	0.00*
<b>8</b>	<b>Ishwara Manufacturing and Finvest Advisors Private Limited</b>		
	Security Deposits	0.01	0.01

\* Amounts have been rounded off to zero

All transactions with related parties are made on the terms equivalent to those that prevail at arm's length transactions and within the ordinary course of business. Outstanding balances at respective year ends are unsecured.

The Company has given comfort letters to banks for funds raised by its step-down subsidiary companies, namely Rico Jinfei Wheels Limited ₹42.60 crores (previous year ₹19.64 crores) and Rico Aluminium and Ferrous Auto Components Limited ₹1.50 crores (previous year ₹7.13 crores).

The Company has provided support letter to its step-down subsidiary, Rico Jinfei Wheels Limited.

The Company has given corporate guarantee of ₹1.04 crores (previous year ₹1.18 crores) for the funds raised by its subsidiary company, AAN Engineering Industries Limited.

**42** The Company has opted to provide segment information in its consolidated financial statements in accordance with Ind AS 108 - Operating Segments; accordingly, disclosures are not made in the standalone financial statements.

**43** In accordance with Accounting Standard 11 (under previous GAAP) "The effects of Changes in Foreign Exchange Rates", the Company had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. The Company has elected to continue with this accounting treatment as per option given in para D13AA of IND AS 101 (refer note 49 for details). Amount remaining to be amortized is as under:

		(₹ in Crores)	
		As at March 31, 2021	As at March 31, 2020
<b>Un-amortized exchange differences-</b>			
	– Property, plant and equipment	4.84	4.97
	– FCMITDA	–	0.26

**44** As per the transfer pricing norms applicable in India, the Company is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating the transfer pricing study for the current financial year. However, in the opinion of the management the same would not have a material impact on these standalone financial statements.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### 45 REVENUE

Following are the disclosures with respect to revenue from operations in accordance with Ind AS 115 –

The Company's revenue disaggregated by geographical markets is as follows:

Particulars	(₹ in Crores)	
	Year ended March 31, 2021	Year ended March 31, 2020
India	917.49	882.24
Other than India	358.87	310.49
<b>Total</b>	<b>1,276.36</b>	<b>1,192.73</b>

The following table provides information about receivables, Contract costs and contract liabilities from contracts with customers:

Particulars	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
Contract asset		
- Trade receivables*	337.24	250.69
- Unbilled revenue	5.14	0.67
Contract costs	19.31	10.34
Contract liabilities (advances from customers)	11.27	22.01

\* Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

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

Particulars	(₹ in Crores)		
	As at March 31, 2021		
	Contract cost	Unbilled Revenue	Advances from customers
Opening balances	10.34	0.67	22.01
Addition during the year	11.04	5.14	14.33
Revenue recognized/ amount adjusted/amortized during the year	(2.07)	(0.67)	(25.07)
<b>Closing balance</b>	<b>19.31</b>	<b>5.14</b>	<b>11.27</b>
Non-current	15.04	-	-
Current	4.27	5.14	11.27

Particulars	(₹ in Crores)		
	As at March 31, 2020		
	Contract cost	Unbilled revenue	Advances from customers
Opening balances	-	0.49	31.78
Addition during the year	10.34	0.67	20.04
Revenue recognized/ amount adjusted/amortized during the year	-	(0.49)	(29.81)
<b>Closing balance</b>	<b>10.34</b>	<b>0.67</b>	<b>22.01</b>
<b>Non-current</b>	<b>8.27</b>	<b>-</b>	<b>-</b>
<b>Current</b>	<b>2.07</b>	<b>0.67</b>	<b>22.01</b>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

### 46 LEASES

#### i. Nature of Leasing activities

The Company has entered into lease arrangements for land, office and factory buildings that are renewable on a periodic basis with approval of both lessor and lessee. The Company does not have any lease commitments towards variable rent as per the contract.

#### ii. Lease liabilities are presented in the Balance Sheet as follows:

Particulars	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
Non-current	3.70	2.61
Current	1.00	0.53
<b>Total lease liabilities</b>	<b>4.70</b>	<b>3.14</b>

#### iii. Lease payments not recognized as liability:

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
Short term leases	2.93	2.46
<b>Total</b>	<b>2.93</b>	<b>2.46</b>

#### iv Information on the right-of-use assets is as follows:

Particulars	(₹ in Crores)	
	Carrying amount (Net block)	Depreciation Expense
As on March 31, 2021		
Land*	18.04	0.20
Building**	2.69	0.38
Plant & Machinery***	2.04	0.33
<b>Total</b>	<b>22.77</b>	<b>0.91</b>

Particulars	(₹ in Crores)	
	Carrying amount (Net block)	Depreciation Expense
As on March 31, 2020		
Land*	18.24	0.20
Building**	3.07	0.16
<b>Total</b>	<b>21.31</b>	<b>0.36</b>

\* Right of use asset amounting to ₹19.02 crores as at March 31, 2021 (March 31, 2020 ₹19.02 crores). Carrying amount of net block and accumulated depreciation as on March 31, 2021 amounting to ₹18.04 crores (March 31, 2020 ₹18.24 crores) and ₹0.20 crores (March 31, 2020 ₹0.20 crores) respectively.

\*\* Represents Right of Use asset amounting to ₹3.22 crores as at March 31, 2021 (March 31, 2020 ₹3.22 crores).

\*\*\*Right of use asset recognized during the year amounting to ₹2.37 crores.

Lease term ranges from 4-9 years (previous year 9 years)

For maturity profile of lease liabilities refer note 34

v. Total cash outflow pertaining to leases during the year ended March 31, 2021 is ₹1.13 crores (March 31, 2020 ₹0.47 crore). Interest expense on lease liability is ₹0.40 crores (March 31, 2020 ₹0.14 crore) for the year.

Since there were no lease commitments as at March 31, 2020, hence disclosure related to reconciliation of total lease commitments as at March 31, 2020 to the lease liabilities recognized at April 01, 2020 is not applicable.

vi. Lease income recognized during the current year ₹5.02 crores (previous year ₹7.63 crores)

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

- 47 The spread of COVID 19 has affected the business operations post the national lock down. The Company and the Group has taken various measures in consonance with Central and State Government advisories to contain the pandemic.

Post lifting of the lock down, the Company and the Group has carried out a comprehensive assessment of possible impact on its business operations, financial and non-financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company and the Group has also performed sensitivity analysis on the assumptions used and does not foresee any significant incremental risk to the recoverability of its assets. In pursuant to the relaxed guidelines, the Company and the Group resumed its operations at all its plants. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of the above financial results. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

- 48 During the year ended March 31, 2021, the Company has acquired all plant, property and equipment except land and building (₹14.24 crore) with certain other assets (Inventories ₹0.91 crore) for a purchase consideration of ₹14.83 crores from its step-down subsidiary, RASA Autocom Limited, as approved by Board of Directors of the Company vide resolution dated February 12, 2021 which has been accounted as an asset acquisition per Ind AS 103 "Business Combinations", as amended
- 49 The Board of Directors have recommended a dividend of ₹0.20 (20%) per Equity Share of ₹1/- each for the financial year 2020-21, subject to the approval of Shareholders

### 50 EVENTS AFTER BALANCE SHEET DATE

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

### 51 CORPORATE SOCIAL RESPONSIBILITY

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

- a) Gross amount required to be spent by the Company during the year is ₹0.90 crores (March 31, 2020: ₹1.23 crores).  
b) Amount spent during the year on:

Particulars	(All amounts in ₹ crores unless otherwise stated)		
	In cash	Yet to be paid in cash	Total*
<b>Year ended March 31, 2021:</b>			
Construction/acquisition of any asset	–	–	–
On purposes other than (i) above	0.90	–	0.90
<b>Year ended March 31, 2020:</b>			
Construction/acquisition of any asset	0.47	0.72	1.19
On purposes other than (i) above	0.21	–	0.21

\*The Company has proposed to spend ₹0.90 crores (previous year ₹1.40 crores) as against minimum amount of ₹0.90 crores (previous year 1.23 crores) in accordance with the approval of CSR Committee.

### 52 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

During the previous years, there was amendment to Ind AS 7 Statement of cash flows, which require the entities to provide disclosures that enable users of standalone financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of the amendment does not have any material impact on the standalone financial statements; accordingly, the reconciliation is not disclosed.

- 53 Contractual manpower cost for the year ended March 31, 2020 amounting to ₹49.46 crores respectively in standalone financial statement have been regrouped from other manufacturing expenses to employee benefits expense to provide more relevant information.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

- 54 As at March 31, 2021, the Company has investment in equity shares of Rico Jinfei Wheels Limited (a step down subsidiary company) amounting to ₹6.04 (March 31, 2020: ₹6.04), accounted as per requirements of Ind AS 27, Separate Financial Statements, at cost. Apart from above, the Company has granted loans to the company whose balance as at March 31, 2021: ₹37.71 (previous year: ₹44.82) including interest accrued thereon. In accordance with Ind AS 36 "Impairment of Assets", such investment is considered as a separate cash generating unit (CGU) for the purpose of impairment review. Management periodically assesses whether there is an indication that such investment may be impaired. For investment, where impairment indicators exists, management compares the carrying amount of such investment with its recoverable amount. Recoverable amount is value in use of the investment computed based upon discounted cash flow projections.
- During the year, for long term interests in the subsidiary, the Company has considered it appropriate to undertake the impairment assessment based on certain indicators, with reference to the latest business plan. Based on management's impairment assessment, recoverable amount is higher than the carrying amount of long-term interests and hence, no impairment is recognized.
- 55 The Code on Social Security, 2020 ("Code") relating to employee benefits received presidential assent in September 2020, applicable for Indian entities. The code has been published in the official Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 56 Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

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

**Arun Tandon**  
Partner  
Membership No. : 517273

Place : New Delhi  
Date : June 21, 2021

For and on behalf of the Board of Directors of  
**Rico Auto Industries Limited**

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**Rakesh Kumar Sharma**  
Chief Financial Officer  
PAN : AICPS9230J

**B.M Jhamb**  
Company Secretary  
FCS : 2446

Place : Gurugram  
Date : June 21, 2021

## ANNEXURE TO DIRECTORS' REPORT

### FINANCIAL STATEMENT OF SUBSIDIARIES/JOINT VENTURE

#### 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/Associate Companies/Joint Ventures

#### Part "A": Subsidiaries

(₹ in Crores)

Name of the Subsidiary	Rico Investments Limited	AAN Engineering Industries Limited	Rico Auto Industries Inc. USA	Rico Auto Industries (U.K.) Limited	Rico Aluminium and Ferrous Auto Components Limited	Rico Jinfei Wheels Limited	Rasa Autocom Limited	Rico Fluidtronics Limited	Rico Friction Technology Private Limited (formerly Metalart Friction Private Limited)
Sl. No.	1	2	3	4	5	6	7	8	9
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR	INR	USD (Exchange Rate 73.485)	GBP (Exchange Rate 100.88)	INR	INR	INR	INR	INR
Share Capital	118.70	0.05	0.12	0.16	46.05	47.50	41.00	42.24	0.01
Reserves & Surplus	3.75	(5.57)	31.40	6.93	(18.33)	(42.32)	(12.92)	5.94	0.52
Total Assets	122.60	4.85	77.30	4.06	97.00	120.65	35.04	71.15	1.20
Total Liabilities	0.15	10.37	45.79	(3.04)	69.27	115.47	6.97	22.97	0.67
Investments	73.50	–	–	–	–	–	8.47	9.50	–
Turnover (Net of Excise)	–	9.02	133.59	5.67	169.29	148.73	51.73	51.98	1.26
Profit before taxation	3.93	(0.85)	1.91	(0.21)	(9.58)	2.08	1.94	5.44	0.32
Provision for taxation	1.04	(0.02)	(0.45)	–	(0.34)	–	0.26	1.34	0.09
Profit after taxation	2.89	(0.83)	2.36	(0.21)	(9.24)	2.08	1.68	4.10	0.23
Proposed Dividend	5.94*	–	–	–	–	–	–	4.22	–
% of shareholding	97.73	100.00	100.00	100.00	100.00	74.79	100.00	50.95	70

\* includes dividend of rs 3.57 crores paid during the year

Notes: 1. Name of Subsidiaries which are yet to commence operations: N.A.

2. Name of Subsidiaries which have been liquidated or sold during the year: N.A.

#### Part "B": Associates and Joint Ventures

– Not Applicable –

For and on behalf of the Board of Directors of  
**Rico Auto Industries Limited**

**Rakesh Kumar Sharma**  
Chief Financial Officer  
PAN : AICPS9230J

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

Place : Gurugram  
Date : June 21, 2021

**B.M Jhamb**  
Company Secretary  
FCS : 2446

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2020-21**

**INDEPENDENT AUDITOR’S REPORT**

To the Members of  
Rico Auto Industries Limited

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

1. We have audited the accompanying consolidated financial statements of Rico Auto Industries Limited (‘the Holding Company’) and its subsidiaries (the Holding Company and its subsidiaries together referred to as ‘the Group’) as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2021, 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 a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) and the relevant 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matter**

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. 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.
5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of the recoverability of carrying amount of net assets of a subsidiary company:</b></p> <p>As at 31 March 2021, the Group carries net assets amounting to ₹37.71 crores in respect of subsidiary company, Rico Jinfei Wheels Limited (hereinafter referred to as “Subsidiary”), as disclosed in Note 46 to the accompanying consolidated financial statements. The subsidiary has earned low operating profit/ incurred losses during the current and previous years.</p> <p>Since, the recoverability of the aforesaid amount is largely dependent on the operational performance of aforesaid subsidiary, therefore, there is a risk that the subsidiary may not achieve the anticipated business performance, leading to an impairment charge that has not been recognized by the management.</p> <p>Management has assessed the recoverability of the aforesaid amounts by carrying out a valuation of the subsidiary’s business using the discounted cashflow method (“the Model”). The Model involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity, which is more complex in the current year due to the required assessment of impact of COVID –19 on the aforesaid assumptions.</p>	<p>Our audit included, but were not limited to, the following procedures:</p> <ol style="list-style-type: none"> <li>a) Obtained an understanding from the management with respect to process and controls implemented by the Company to determine recoverability of the amounts receivable from its subsidiary companies;</li> <li>b) Obtained the valuation model from the management and reviewed their conclusions, including reading the report provided by an independent valuation expert engaged by the management;</li> <li>c) Assessed the professional competence, objectivity and capabilities of the third party expert engaged by the management for performing the required valuations to estimate the recoverable value of the amounts receivable from the subsidiary;</li> <li>d) Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</li> </ol>

Key audit matter	How our audit addressed the key audit matter
Considering the materiality of the above matter to the consolidated financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.	<p>e) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied by engaging auditor's valuation specialists. Tested the discount rate and terminal growth rates used in the forecast including comparison to economic and industry forecasts, considering the impact of COVID –19, where appropriate;</p> <p>f) Evaluated sensitivity analysis performed by the management and further performed independent sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</p> <p>g) Evaluated the appropriateness and adequacy of disclosures made in the standalone financial statements in accordance with the applicable accounting standards.</p>

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

6. The Holding Company's Board of Directors are 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 auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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 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 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.

8. 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 the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. 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.
  13. 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.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

#### Other Matter

15. We did not audit the financial statements of 6 subsidiaries, whose financial statements reflects total assets of 307.02 crores and net assets of 183.80 crores as at 31 March 2021, total revenues of 325.55 crore and net cash inflows amounting to 6.13 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report(s) has/have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Further, of these subsidiaries, 1 subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in that country and which have been audited by other auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiary located outside India, is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries we report that the Holding Company and its subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by section 143 (3) of the Act, based on our audit and (on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of

- the other auditors;
- c) the consolidated financial statements dealt with by this report are in agreement with the relevant 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 Ind AS specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company, and its subsidiary Companies and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
- the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 35 to the consolidated financial statements;
  - provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 32C to the consolidated financial statements;
  - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, during the year ended 31 March 2021; and
  - the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

**Arun Tandon**  
Partner

Place: New Delhi  
Date : June 21, 2021

Membership No.: 517273  
UDIN No.: 21517273AAAADA3251

**Annexure 1**

#### List of entities included in the Statement

S.No	Name of the Holding Company
1	Rico Auto Industries Limited
	<b>Name of the subsidiaries</b>
1	Rico Auto Industries Inc. (USA)
2	Rico Fluidtronics Limited
3	Rico Auto Industries (UK) Limited
4	AAN Engineering Industries Limited
5	Rico Investments Limited
6	Rico Friction Private Limited {{formerly known as Metal art Friction Private Limited} (w.e.f. 30 December 2020)}
7	Rico Aluminium and Ferrous Auto Components Limited
8	Rasa Autocom Limited
9	Rico Jinfei Wheels Limited

#### Annexure A

#### Independent Auditor's Report on the internal financial controls with reference to the consolidated financial statements 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 Rico Auto Industries Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

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

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

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

- Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

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

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

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

#### **Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### **Other Matter**

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 3 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of 231.16 crores and net assets of 158.12 crores as at 31 March 2020, total revenues of 193.84 crores and net cash outflows amounting to 0.03 crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

**Arun Tandon**  
Partner

Place: New Delhi  
Date : June 21, 2021

Membership No.: 517273  
UDIN No.: 21517273AAAADA3251

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

(₹ in Crores)

	Notes	As at March 31, 2021	As at March 31, 2020
<b>I. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	5	715.81	687.03
(b) Capital work-in-progress	5	60.52	63.35
(c) Investment property	5	14.18	–
(d) Intangible assets	5	3.47	4.48
(e) Intangible under development	5	2.24	–
(f) Financial assets			
(i) Loans	6	67.31	76.50
(ii) Other financial assets	7	3.00	–
(g) Deferred tax assets	30B1	10.68	9.74
(h) Non-current tax assets		5.58	2.39
(i) Other non-current assets	8	26.60	24.97
<b>Total non-current assets</b>		<b>909.39</b>	<b>868.46</b>
<b>2. CURRENT ASSETS</b>			
(a) Inventories	9	264.37	185.02
(b) Financial assets			
(i) Trade receivables	10	352.25	266.24
(ii) Cash and cash equivalents	11	13.86	11.83
(iii) Bank balances other than (ii) above	12	7.34	4.75
(iv) Loans	6	6.46	6.40
(v) Other financial assets	7	38.73	29.99
(c) Other current assets	8	51.21	55.60
<b>Total current assets</b>		<b>734.22</b>	<b>559.83</b>
<b>Total assets</b>		<b>1,643.61</b>	<b>1,428.29</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. EQUITY</b>			
(a) Equity share capital	13	13.53	13.53
(b) Other equity	14	592.30	607.45
		605.83	620.98
(c) Non-controlling interests		3.08	2.88
<b>Total equity</b>		<b>608.91</b>	<b>623.86</b>
<b>2. NON-CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	15	241.09	209.82
(ii) Other financial liabilities	16	10.83	10.27
(b) Provisions	17	26.65	23.12
(c) Deferred tax liabilities (net)	30B2	7.22	8.58
(d) Other non-current liabilities	18	2.07	3.40
<b>Total non-current liabilities</b>		<b>287.86</b>	<b>255.19</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	15	206.61	163.55
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	19	19.63	11.89
b) Total outstanding dues of creditors other than micro and small enterprises	19	342.59	241.49
(iii) Other financial liabilities	16	147.08	97.52
(b) Provisions	17	0.57	1.00
(c) Current tax liabilities (net)	20	0.63	1.18
(d) Other current liabilities	18	29.73	32.61
<b>Total current liabilities</b>		<b>746.84</b>	<b>549.24</b>
<b>Total equity and liabilities</b>		<b>1,643.61</b>	<b>1,428.29</b>

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

1 to 56

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

**Arun Tandon**  
Partner  
Membership No. : 517273

Place : New Delhi  
Date : June 21, 2021

For and on behalf of the Board of Directors of  
**Rico Auto Industries Limited**

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**Rakesh Kumar Sharma**  
Chief Financial Officer  
PAN : AICPS9230J

**B.M Jhamb**  
Company Secretary  
FCS : 2446

Place : Gurugram  
Date : June 21, 2021

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021**

(₹ in Crores)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>REVENUE</b>			
Revenue from operations	21	1,469.94	1,401.07
Other income	22	18.50	22.71
<b>Total revenue</b>		<b>1,488.44</b>	<b>1,423.78</b>
<b>EXPENSES</b>			
(a) Cost of material consumed	23	866.26	741.39
(b) Purchases of stock-in-trade	24	1.69	-
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(62.17)	(0.86)
(d) Other manufacturing expenses	25	185.11	181.70
(e) Employee benefits expense	26	237.62	246.37
(f) Finance costs	27	38.61	31.20
(f) Depreciation and amortisation expense	5	80.08	79.57
(g) Other expenses	28	152.80	118.72
<b>Total expenses</b>		<b>1,500.00</b>	<b>1,398.09</b>
<b>(Loss) / Profit before exceptional items and tax</b>		<b>(11.56)</b>	<b>25.69</b>
Exceptional items	29	4.36	6.79
<b>(Loss) / Profit before tax</b>		<b>(15.92)</b>	<b>18.90</b>
<b>Tax expenses</b>	30		
Current tax		2.41	7.84
Deferred tax (credit)		(4.26)	(5.62)
<b>Total tax expense (credit) / expense</b>		<b>(1.85)</b>	<b>2.22</b>
<b>(Loss)/Profit after tax</b>		<b>(14.07)</b>	<b>16.68</b>
<b>Other comprehensive income</b>			
<b>A Items that will not be reclassified to statement of profit and loss</b>			
Remeasurements of defined benefit obligations		(1.75)	(1.57)
Income tax relating to above items		0.53	0.55
<b>B Items that will be reclassified to profit and loss</b>			
Exchange differences on translation of foreign operations		1.28	1.18
Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		6.02	(6.95)
Income tax relating to above items		(2.67)	2.43
<b>Net other comprehensive income for the year</b>		<b>3.41</b>	<b>(4.36)</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(10.66)</b>	<b>12.32</b>
<b>Net profit attributable to:</b>			
Owners of the Company		(14.18)	16.60
Non controlling interest		0.11	0.08
<b>Other comprehensive income attributable to:</b>			
Owners of the Company		3.41	(4.36)
Non controlling interest*		(0.00)	(0.00)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(10.77)	12.24
Non controlling interest		0.11	0.08
<b>(Loss) / Earnings per share</b>			
Basic and Diluted (nominal value per share ₹1)	31	(1.05)	1.23

Summary of significant accounting policies and other explanatory information  
This is the Consolidated statement of profit and loss referred to in our report of even date.

1 to 56

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

**Arun Tandon**  
Partner  
Membership No. : 517273

Place : New Delhi  
Date : June 21, 2021

For and on behalf of the Board of Directors of  
**Rico Auto Industries Limited**

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**Rakesh Kumar Sharma**  
Chief Financial Officer  
PAN : AICPS9230J

**B.M Jhamb**  
Company Secretary  
FCS : 2446

Place : Gurugram  
Date : June 21, 2021

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

## A Equity share capital

	(₹ in Crores)	
	No. of shares	Amount
<b>Balance as at March 31, 2019</b>	135,285,000	13.53
Changes in equity share capital during the year	-	-
<b>Balance as at March 31, 2020</b>	135,285,000	13.53
Changes in equity share capital during the year	-	-
<b>Balance as at March 31, 2021</b>	<b>135,285,000</b>	<b>13.53</b>

## B Other equity

	(₹ in Crores)									
	Other equity pertaining to owners of the parent company									
	Capital reserve	Capital redemption reserve	Securities premium	Foreign currency monetary item translation difference account ("FCMITDA")	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling Interest	
<b>Balance as at March 31, 2019</b>	14.29	2.00	145.04	0.35	99.70	1.88	339.21	602.47	3.87	
Profit for the year	-	-	-	-	-	-	16.60	16.60	0.08	
Movement due to acquisition of shares from minority	-	-	-	-	-	-	0.05	0.05	(1.07)	
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	1.18	(5.54)	(4.36)	-	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	1.18	11.11	12.29	(0.99)	
Dividend paid on equity shares	-	-	-	-	-	-	(5.41)	(5.41)	-	
Tax on dividend paid	-	-	-	-	-	-	(1.94)	(1.94)	-	
Exchange difference accumulated during the year	-	-	-	0.24	-	-	-	0.24	-	
Exchange difference amortised during the year	-	-	-	(0.20)	-	-	-	(0.20)	-	
<b>Balance as at March 31, 2020</b>	14.29	2.00	145.04	0.39	99.70	3.06	342.97	607.45	2.88	
Loss for the year	-	-	-	-	-	-	(14.18)	(14.18)	0.11	
Movement due to acquisition of shares from minority	-	-	-	-	-	-	-	-	0.09	
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	1.29	2.13	3.41	0.00*	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	1.29	(12.05)	(10.77)	0.20	
Dividend paid on equity shares	-	-	-	-	-	-	(4.19)	(4.19)	-	
Bargain purchase (Refer Note 52)	0.20	-	-	-	-	-	-	0.20	-	
Exchange difference accumulated during the year	-	-	-	(0.39)	-	-	-	(0.39)	-	
<b>Balance as at March 31, 2021</b>	14.49	2.00	145.04	-	99.70	4.35	326.73	592.30	3.08	

\* Amounts have been rounded off to zero

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

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

**Arun Tandon**  
Partner  
Membership No. : 517273

Place : New Delhi  
Date : June 21, 2021

For and on behalf of the Board of Directors of  
**Rico Auto Industries Limited**

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**Rakesh Kumar Sharma**  
Chief Financial Officer  
PAN : AICPS9230J

**B.M Jhamb**  
Company Secretary  
FCS : 2446

Place : Gurugram  
Date : June 21, 2021

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**

(₹ in Crores)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Cash flow from operating activities</b>		
Net (loss) / profit before tax and Minority Interest	(15.92)	18.90
<b>Adjustments for:</b>		
Depreciation and amortisation	80.08	79.57
Excess provision written back	—	(1.45)
Loss allowance	0.13	0.31
Profit on sale of property, plant and equipment	(1.53)	(0.10)
Finance costs	38.61	31.20
Unrealised foreign exchange gain or loss, net	3.63	(5.49)
Amortization of government grants	(1.23)	(0.06)
Interest income	(8.46)	(9.76)
<b>Operating profit before working capital changes</b>	<b>95.31</b>	<b>113.12</b>
<b>Changes in working capital:</b>		
in trade receivables	(89.77)	8.95
in other financial assets	(4.36)	(12.43)
in other assets	(0.62)	3.84
in inventories	(79.35)	(23.87)
in trade payables	108.84	60.57
in other financial liabilities	1.32	(1.11)
in other liabilities and provisions	(3.52)	(22.48)
<b>Cash generated from operations</b>	<b>27.85</b>	<b>126.59</b>
Less: Direct taxes paid (net of refunds)	(5.17)	(9.79)
<b>Net cash generated from operating activities</b>	<b>A 22.68</b>	<b>116.80</b>
<b>B. Cash flow from investing activities</b>		
Payment for purchase of property, plant and equipment	(124.07)	(136.31)
Proceeds from sale of property plant and equipment	6.37	2.03
Payment for purchase of investment	(0.01)	—
Gain on acquisition of controlling interest	0.20	—
Loan repayments received from related parties	5.07	—
Interest received	10.63	0.81
<b>Net cash used in investing activities</b>	<b>B (101.81)</b>	<b>(133.47)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term borrowings	128.21	86.56
Payment for lease liabilities	(1.39)	(0.47)
Repayment of long term borrowings	(47.50)	(49.33)
Proceeds from short term borrowings (net)	43.06	2.03
Dividend paid (including corporate dividend tax)	(4.19)	(7.32)
Interest paid	(38.38)	(29.04)
<b>Net cash generated from financing activities</b>	<b>C 79.81</b>	<b>2.43</b>
<b>Net increase in cash and cash equivalents</b>	<b>A+B+C 0.68</b>	<b>(14.24)</b>
<b>Effect of foreign currency fluctuation arising out of consolidation</b>	<b>1.29</b>	<b>1.18</b>
Cash and cash equivalents acquired on acquisition of subsidiary	0.07	—
<b>Cash and cash equivalents at the beginning of the year</b>	<b>11.83</b>	<b>24.89</b>
<b>Cash and cash equivalents at the close of the year (refer note 11)</b>	<b>13.86</b>	<b>11.83</b>

This is the Consolidated Statement of Cash Flow Statement referred to in our report of even date.

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

**Arun Tandon**  
 Partner  
 Membership No. : 517273

Place : New Delhi  
 Date : June 21, 2021

For and on behalf of the Board of Directors of  
**Rico Auto Industries Limited**

**Arvind Kapur**  
 Chairman, CEO &  
 Managing Director  
 DIN: 00096308

**Rakesh Kumar Sharma**  
 Chief Financial Officer  
 PAN : AICPS9230J

**B.M Jhamb**  
 Company Secretary  
 FCS : 2446

Place : Gurugram  
 Date : June 21, 2021

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021

### 1. CORPORATE INFORMATION

Rico Auto Industries Limited (“the Company”) registered office is situated at 38 KM Stone, Delhi – Jaipur Highway, Gurugram – 122001 (Haryana), the ultimate holding company with its subsidiaries (together referred to as the “Group”) supplies a broad range of high-precision fully machined aluminum and ferrous components and assemblies to Original Equipment Manufacturers across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and research and development across aluminium and ferrous products. The Group is in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

### 2. RECENT ACCOUNTING PRONOUNCEMENTS

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

#### i) Amended standards adopted by the Company

The Company has applied the following amendments for the first time for their annual reporting period commencing April 01, 2020

- **Amendment to Ind AS 103, Business Combinations, Definition of business**

The Group does not have any significant impact on the consolidated financial statements

### 3. BASIS OF PREPARATION, CONSOLIDATION PROCEDURES AND SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation and presentation

##### i) Compliance with Ind AS

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

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

##### ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group’s functional currency.

##### iii) Going concern and basis of measurement

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

All assets and liabilities have been classified as current or non-current as per the Group’s operating cycle and other criteria set out in the Companies Act, 2013.

#### 3.2 Basis of consolidation

- **Subsidiary**

Subsidiary is the entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary company are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group combines the financial statements of the holding company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses.

- **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 3.3 Significant accounting policies

#### i) Revenue recognition

##### *Sale of goods*

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

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

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

##### *Interest income*

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

##### *Rental income*

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

##### *Dividend income*

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

##### *Contract assets*

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as trade receivables.

##### *Contract liabilities*

A contract liability is the obligation to transfer goods to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the entity transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the entity performs under the contract.

##### *Contract costs*

Contract costs represents inspection costs/other direct material costs required to be incurred as a part contract for the development of the product. This cost will be recovered through the sale of the product to the customer. The Contract costs is amortized over a period of 5 years which is considered to be the period over which the Company expects to earn revenue from sale of products

#### ii) Leases

##### **Group as a lessee**

The Group's lease asset consists of lease for land, building and machines. The Group 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 Group assesses whether: (1) the contract involves the use of an identified asset, (2) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease, and (3) the Group has the right to direct the use of the asset

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

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset

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

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

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

### Group as lessor

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

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

### iii) Government grants, subsidies and export incentives

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the conditions.

Government grants related to the income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the cost that are intended to compensate and presented within other income.

Government grants related to Property plant and equipment are included in the non-current liabilities as deferred income and are credited to Profit and loss on a straight-line basis over the expected life of the related assets and presented within other income in accordance with the primary conditions associated with purchase of assets and related grants.

Export benefit entitlements are recognised in the Statement of Profit and Loss when the right to receive benefit is established in respect of the exports made and the realisation is reasonably certain.

### iv) Property, plant and equipment

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

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

### v) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangibles under progress represents intangible assets under construction and is carried at cost.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### v) Depreciation and amortisation

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

Depreciation on other property, plant and equipment is provided on written down value method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use.

Depreciation on dies and moulds is provided based on useful life of the items ascertained on a technical estimate by the management.

Intangible assets are being amortised on written down value method over the useful life of 5–10 years, as estimated by the management to be the economic life of the assets over which economic benefits are expected to flow.

The estimated useful life considered for the assets are as under:

Asset	Estimated Useful Life
Land*	99
Plant and machinery**	15–20
Building***	30–60
Furniture and fixtures	10
Office equipment	5
Computers	3–8
Vehicles	8
Product development	5
Software	3
Customer relations	5

\* Includes right of use asset having life of 99 years.

\*\* Includes right of use asset having life of 5 years.

\*\*\* Includes right of use asset having life of 9 years.

### vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### viii) Financial instruments

#### *Recognition and initial measurement*

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

#### *Subsequent measurement*

#### **Financial assets**

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

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

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

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

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

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

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

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

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

#### *De-recognition of financial assets*

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

**Investments in equity instruments of subsidiaries** – Investments in equity instruments of subsidiaries are accounted for at cost in accordance with Ind AS 27, Separate financial statements.

#### **Financial liabilities**

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

#### *De-recognition of financial liabilities*

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

#### **Offsetting of financial instruments**

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

#### **Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### ix) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

#### Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts previously recognised in the Other Comprehensive Income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

### x) Inventories

Inventories are valued as follows:

#### Raw materials, stores and spares

Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

#### Work in progress

Work in progress is valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity and actual stage of production.

#### Finished goods

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

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

### xi) Business Combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities that are required to be measured as per the applicable standard. Purchase consideration in excess of the Group's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the Group's interest in the net fair

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the Capital Reserve.

**Common control:** A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised through shareholders' equity.

### xii) Employee benefits

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

#### a. Provident fund and Employee State Insurance scheme

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

#### b. Gratuity

Gratuity is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. Gratuity Fund is administered through Life Insurance Corporation of India and India First Life Insurance Group Limited. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in Other Comprehensive Income in the year in which such gains or losses arise.

#### c. Compensated absences

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

### xiii) Research and development expenses

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Development expenditure that does not meet any of the aforementioned conditions is recognised in the Statement of Profit and Loss as an expense as incurred.

Property, plant and equipment used for research and development are depreciated in accordance with the Group's policy on property, plant and equipment as stated above.

### xiv) Borrowings costs

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

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

### xvi) Foreign currency transactions

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### *Initial recognition*

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

### *Subsequent recognition*

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

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

### *Exchange differences*

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

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

Exchange difference arising on long term foreign currency monetary items not related to the acquisition of depreciable capital assets are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised through the Statement of Profit and Loss over the remaining term of the loan.

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

## **xvii) Taxes**

Tax expense recognised in the Statement of Profit and Loss comprises the sum of deferred tax and current tax except the ones recognised in Other Comprehensive Income or directly in equity.

Current tax is the amount of tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). The current tax is calculated using the tax rate that have been enacted or subsequently enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity).

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

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

## **xviii) Provisions and contingencies**

The Group creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### xix) Earnings per share

Basic earnings per share is calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

### xviii) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

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

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

### xx) Cash and cash equivalents

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

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

### xxi) Rounding off amounts

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

### xx) Rounding off amounts

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

## 4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- estimation on future sales, discount rates and terminal growth rates for determining impairment of investment in/loan advanced to subsidiary companies;
- provision and contingent liabilities;
- carrying values of inventories;
- carrying values of hedging instruments;
- cash flow projections and liquidity assessment with respect to Covid-19, refer note 48;
- lease classification, lease term and discount rates; and
- impairment assessment of financial and non-financial assets



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 5 PROPERTY PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS, INVESTMENT PROPERTY, INTANGIBLE ASSETS AND INTANGIBLE UNDER DEVELOPMENT

#### A Property plant and equipment

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2020	Additions	Disposals	Transfer to investment property#	As at March 31, 2021	Charge	Disposals	Transfer to investment property#	As at March 31, 2021	As at March 31, 2020
Land*	58.61	2.16	-	6.82	53.95	0.22	-	-	1.13	57.70
Buildings**	166.57	3.67	-	8.48	161.76	6.96	-	1.12	23.60	148.81
Furniture and fixtures	3.95	0.12	0.00*	-	4.07	0.63	0.00*	-	2.04	2.54
Plant and machinery***	592.39	109.91	4.96	-	697.34	55.84	0.36	-	215.20	432.67
Dies and moulds	55.16	9.56	1.60	-	63.12	12.04	1.60	-	29.66	35.94
Vehicles	15.36	0.62	0.97	-	15.01	1.91	0.73	-	10.07	6.47
Office equipment	6.75	0.73	0.05	-	7.43	1.37	0.05	-	5.17	2.90
<b>Total</b>	<b>898.79</b>	<b>126.77</b>	<b>7.58</b>	<b>15.30</b>	<b>1,002.68</b>	<b>78.97</b>	<b>2.74</b>	<b>1.12</b>	<b>286.87</b>	<b>715.81</b>

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2019	Additions	Disposals	Transfer to investment property#	As at March 31, 2020	Charge	Disposals	Transfer to investment property#	As at March 31, 2020	As at March 31, 2019
Land*	56.72	1.89	-	-	58.61	0.33	-	-	0.91	56.14
Buildings**	146.73	19.84	-	-	166.57	6.02	-	-	17.76	134.99
Furniture and fixtures	3.58	0.48	0.11	-	3.95	0.75	0.07	-	1.41	2.85
Plant and machinery***	481.85	132.21	21.67	-	592.39	55.16	9.38	-	159.72	367.91
Dies and moulds	39.43	19.59	3.86	-	55.16	12.68	3.68	-	19.22	29.21
Vehicles	15.13	1.15	0.92	-	15.36	2.70	0.65	-	8.89	8.29
Office equipment	6.79	0.25	0.29	-	6.75	1.20	0.24	-	3.85	3.90
<b>Total</b>	<b>750.23</b>	<b>175.41</b>	<b>26.85</b>	<b>-</b>	<b>898.79</b>	<b>78.84</b>	<b>14.02</b>	<b>-</b>	<b>211.76</b>	<b>603.29</b>

\*Includes Right of use asset amounting to ₹19.66 crores (previous year ₹19.66 crores) with net block of ₹18.42 crores (previous year ₹18.75 crores) as at the reporting date, refer note 45.

\*\*Includes Right of use asset recognised during the year amounting to ₹11.56 crores (previous year ₹11.56 crores) with net block of ₹9.70 crores (previous year ₹11.02 crores) as at the reporting date, refer note 45.

\*\*\*Includes Right of use asset recognised during the year amounting to ₹2.37 crores (previous year nil) with net block of ₹2.04 crores (previous year nil) as at the reporting date, refer note 45.

# During the year ended 31 March 2021, the Group has leased out its land and building for the purpose of earning rental incomes. Therefore, as at reporting date, the Company earns rental income from land and building, hence as per Ind AS 40 – "Investment Property," land and building has been classified as investment property.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

<b>B Capital Work in progress</b>	<b>Amount</b>
Capital work-in-progress as at March 31, 2021	60.52
Capital work-in-progress as at March 31, 2020	63.35

### C. Investment property

The notes set out the disclosure relating to investment property as per the requirement of Ind AS 40 "Investment Property"

Particulars	Gross block			Accumulated amortisation			Net block		
	As at April 01, 2020	Addition	Disposals	As at March 31, 2021	Transfer adjustment	Disposals	Transferred from property, plant and equipment	As at March 31, 2021	As at March 31, 2020
Land	-	-	-	6.82	-	-	-	6.82	-
Building	-	-	-	8.48	1.12	-	-	7.36	-
<b>Total</b>	-	-	-	15.30	-	-	-	14.18	-

\*Amounts have been rounded off to zero.

### (i) Amount recognized in profit or loss for investment property

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rental income from Investment property	0.86	-
Direct operating expenses	0.08	-
Profit from investment property before depreciation	0.78	-
Depreciation during the year	0.28	-
Profit/(loss) from investment property	0.50	-

### (ii) Fair Value

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Investment property	22.03	-

### Estimation of Fair Value

Fair value of investment property is based on market approach. While applying the market approach, consideration has been given to circle rates issued by relevant regulatory authorities. With respect to the investment property at the beginning of current year, there is no change in circle rate from previous year.

**Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)**

**D Intangible assets**

Particulars	Gross block			Accumulated depreciation			Net block	
	As at April 01, 2020	Additions during the year	Disposals during the year	As at March 31, 2021	Charge for the year	Adjustment upon disposals	As at March 31, 2021	As at March 31, 2020
Customer relations	1.50	-	-	1.50	0.36	-	0.69	0.81
Product development	3.25	-	-	3.25	0.65	-	0.65	2.60
Software	0.46	-	-	0.46	-	-	0.40	0.06
<b>Total</b>	5.21	-	-	5.21	1.01	-	1.74	3.47

(₹ in Crores)

\* Amounts have been rounded off to zero.

Particulars	Gross block			Accumulated depreciation			Net block	
	As at April 01, 2019	Additions during the year	Disposals during the year	As at March 31, 2020	Charge for the year	Adjustment upon disposals	As at March 31, 2020	As at March 31, 2019
Customer relations	1.50	-	-	1.50	0.33	-	0.33	1.17
Product development	-	3.25	-	3.25	0.00*	-	0.00*	-
Software	0.56	-	0.10	0.46	0.40	-	0.40	0.56
<b>Total</b>	2.06	3.25	0.10	5.21	0.73	-	0.73	2.06

**E Intangible under development**

Balance as at March 31, 2020	-
Additions	2.24
Disposals	-
Balance as at March 31, 2021	2.24

**F** Borrowing costs capitalized/transferred to capital work in progress during the year amounts to ₹0.43 crores (previous year ₹1.97 crores) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's borrowings during the year, in this case 9.57% (previous year 9.67%)

**G** (i) For details regarding charge on property, plant and equipment – refer note 15

(ii) For details regarding contractual commitments for the acquisition of property, plant and equipment – refer note 37

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>6 LOANS</b>		
<b>Non-current</b>		
Loans to related parties (refer note 40)	54.12	64.14
Security deposits	13.19	12.36
	<u>67.31</u>	<u>76.50</u>
<b>Current</b>		
Security deposits	4.90	4.90
Loans to employees	1.56	1.50
	<u>6.46</u>	<u>6.40</u>
<b>7 OTHER FINANCIAL ASSETS</b>		
<b>Non-current</b>		
Bank deposits with maturity of more than 12 months	3.00	—
	<u>3.00</u>	<u>—</u>
<b>Current</b>		
Current portion of loan to related parties (refer note 40)	14.18	9.23
Interest receivable	2.43	4.60
Insurance claim receivable	0.67	—
Unbilled revenue (refer note 44)	5.14	0.67
Export incentive receivable	8.44	5.56
Derivative asset measured at fair value (refer note 32)	0.63	0.78
Employee benefits recoverable from fund	0.57	1.89
Recoverable from electricity board on account of excess payments	3.07	4.67
Others	3.60	2.59
	<u>38.73</u>	<u>29.99</u>
<b>8 OTHER ASSETS</b>		
<b>Non-current</b>		
Capital advances	10.45	15.94
Contract cost (refer note 44)	15.04	8.27
Balance with government authorities	0.17	0.17
Prepaid expenses	0.94	0.59
	<u>26.60</u>	<u>24.97</u>
<b>Current</b>		
Advance to suppliers	15.05	16.13
Income tax receivable	2.29	3.08
Prepaid expenses	4.25	5.87
Contract cost (refer note 44)	4.27	2.07
Balance with government authorities	22.16	24.11
Others	3.19	4.34
	<u>51.21</u>	<u>55.60</u>
<b>9 INVENTORIES</b>		
(valued at lower of cost or net realisable value)		
Raw material and components	74.13	41.59
Goods-in-transit (components)	4.03	21.81
Work-in-progress	20.40	15.67
Finished goods	101.22	47.81
Stores and spares	64.59	58.14
	<u>264.37</u>	<u>185.02</u>
<b>10 TRADE RECEIVABLES</b>		
Unsecured, considered good	352.25	266.24
Unsecured, considered doubtful	0.23	0.51
	<u>352.48</u>	<u>266.75</u>
Less : loss allowance	(0.23)	(0.51)
	<u>352.25</u>	<u>266.24</u>
<b>11 CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
In current accounts	13.51	6.00
Cash on hand	0.35	0.30
Deposits with original maturity less than 3 months	—	5.53
	<u>13.86</u>	<u>11.83</u>
<b>12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Unpaid dividend accounts*	1.38	1.39
Bank deposits with original maturity of more than 3 months and less than 12 months**	5.96	3.36
	<u>7.34</u>	<u>4.75</u>

\* These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in note 16

\*\*Pledged with bank for issuing letter of credit.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>13 EQUITY SHARE CAPITAL</b>		
<b>a) Authorised</b>		
490,000,000 equity shares of ₹1/- each (March 31, 2020: 490,000,000 equity shares of ₹1/- each)	49.00	49.00
5,000,000 redeemable preference shares of ₹10/- each (March 31, 2020: 5,000,000 redeemable preference shares of ₹10/- each)	5.00	5.00
	<u>54.00</u>	<u>54.00</u>
<b>b) Issued, subscribed and paid-up</b>		
135,285,000 equity shares of ₹1/- each fully paid up (March 31, 2020: 135,285,000 equity shares of ₹1/- each)	13.53	13.53
	<u>13.53</u>	<u>13.53</u>

**c) Reconciliation of number of equity shares outstanding**

	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	13.53	135,285,000	13.53	135,285,000
Movement during the year	—	—	—	—
<b>Outstanding at the end of the year</b>	<u>13.53</u>	<u>135,285,000</u>	<u>13.53</u>	<u>135,285,000</u>

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

Equity shares : The Holding Company has only one class of equity shares having a face value of ₹1 per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India Limited and BSE Limited.

In the event of liquidation of the Holding Company, the holder of equity shares will be entitled to receive remaining assets of the Holding Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	% of holding	No of shares	% of holding	No of shares
ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)	15.40	20,838,321	15.40	20,838,321
Arvind Kapur	9.38	12,685,960	9.37	12,674,960
Arun Kapur	6.48	8,770,849	6.44	8,756,599
Meraki Manufacturing and Finvest Advisors Private Limited	8.72	11,790,841	8.72	11,790,841
Higain Investments Private Limited	5.60	7,580,628	5.60	7,580,628

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

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>14 OTHER EQUITY (REFER CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021)</b>		
Capital reserve	14.49	14.29
Capital redemption reserve	2.00	2.00
Securities premium	145.04	145.04
Foreign currency monetary item translation difference	–	0.39
Foreign currency translation reserve	4.35	3.06
General reserve	99.70	99.70
Retained earnings	326.73	342.97
	<u>592.30</u>	<u>607.45</u>

### Description of reserves

#### a Capital reserve

The same has been created in accordance with provision of the Act and is not available for distribution to owners.

#### b Capital redemption reserve

The same has been created on redemption of share capital and shall be utilised in accordance with provision of the Act.

#### c Securities premium

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

#### d Foreign currency monetary item translation difference

Exchange differences arising on long term foreign currency monetary items (long term loans) are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining term of the loan.

#### e General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purpose.

#### f Foreign currency translation reserve

Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at date of the balance sheet. Revenue and expenses are translated into INR at the average exchange rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to currency translation reserve account.

#### g Retained earnings

Retained earnings are the accumulated profits earned by earned by the Company till date, as adjusted for distribution to owners.

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>15 BORROWINGS</b>		
<b>Non-current (Secured)*</b>		
Term loan		
From banks		
Foreign currency loans	59.47	60.06
Rupee loans	225.43	156.85
From financial institution		
Rupee loans	47.95	34.77
Vehicle loans		
From financial institutions	0.74	1.67
From banks	0.96	0.93
<b>Non-current (unsecured)</b>		
Term loan		
From related party (refer note 40)	0.43	–
	<u>334.98</u>	<u>254.28</u>
Less: Current maturities of non-current borrowings (refer note 16)	93.89	44.46
	<u>241.09</u>	<u>209.82</u>
<b>Current (secured)**</b>		
Working capital loans from banks:		
Rupee loans	165.52	163.55
<b>Current (unsecured)</b>		
Sale bills discounting	41.09	–
	<u>206.61</u>	<u>163.55</u>

\* Refer note A below for security details and other particular terms of repayment for non-current borrowings.

\*\* Refer note B below for security details and other particular terms of repayment for current borrowings.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### A. Security details and other items– Non-current secured loans

		(₹ in Crores)	
		As at March 31, 2021	As at March 31, 2020
A1	Foreign currency term loan from Kotak Mahindra Bank Limited carries interest @ 6 months Libor+ 3.50 % per annum (previous year: 6 months Libor+ 3.50% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the certain immovable properties of the Company situated at Dharuhera and Gurugram. This term loan has been fully repaid on November 10, 2020.	–	2.85
A2	The Company has taken a Foreign currency term loan along with interest rate swap from RBL Bank Limited. The loan carries fixed interest rate @ 2.80% per annum on euro notional and is repayable in 18 equal quarterly instalments after moratorium of 6 quarters starting June, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	28.70	36.90
A3	Rupee term loan from RBL Bank Limited carries interest @ 9.70% to 9.80% per annum (previous year 10.50 % per annum) and is repayable in 14 equal quarterly instalments starting June, 2017. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram. This Loan has been fully repaid on December 28, 2020.	–	0.71
A4	Rupee term loan from Yes Bank Limited carries interest @ 8.75 % to 10.40% per annum (previous year 9.45% to 10.40% per annum) and is repayable in 16 equal quarterly instalments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	48.49	60.35
A5	Rupee term loan from Yes Bank Limited carries interest @ 9.95 % to 10.15% per annum and is repayable in 16 equal quarterly instalments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	6.64	–
A6	The Company has taken term loan along with a interest rate swap (INR to Euro) from IndusInd Bank Limited . The loan carries fixed interest rate at 4.50% per annum on Euro notional and is repayable in 12 equal quarterly instalments starting November, 2018. The term loan is secured by exclusive charge on immovable properties (land & building) of the Company situated at Chennai and machinery imported under this facility.	4.36	8.79
A7	The Company has taken term loan along with a principal only swap (INR to Euro) from Kotak Mahindra Bank Limited. The loan carries interest @ 7.85% to 8.80% per annum (previous year 8.80% to 9.40% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 6 quarters starting December, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	13.07	13.63
A8	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 7.90% to 8.85% per annum (previous year 8.85% to 9.45% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 13 quarters starting February, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	1.81	1.77
A9	The company has converted rupee term loan in euro, a cross currency swap from Kotak Mahindra Bank Limited, carries interest @ 3.05% per annum on euro notional (previous year @ 3.50% per annum on euro notional) and is repayable in 16 equal quarterly instalments after moratorium of 12 quarters starting December, 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	32.43	32.43

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
A10 Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.15% to 9.20% per annum (previous year 9.20% to 9.60% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 9 quarters starting February, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	5.02	4.90
A11 Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.15% to 9.15% per annum (previous year 9.15% to 9.50% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 3 quarters starting August, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	22.65	27.24
A12 Rupee term loan from Bajaj Finance Limited carries interest @ 9.30% per annum (previous year 9.30% per annum) and is repayable in 20 quarterly instalments after moratorium of 5 quarters starting May, 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	25.59	25.00
A13 Supplier's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in three yearly instalments starting July, 2019. Loan carries interest @ Euribor + 0.40% to 0.50% per annum (previous year Euribor + 0.35% to 0.50% per annum)	7.51	12.69
A14 Reimbursement authorization facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable after 3 years carrying interest @ Euribor + 0.78% per annum (previous year Euribor + 0.78% per annum).	7.87	7.62
A15 Buyer's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in one year i.e. September, 2021. Loan carries interest @ Euribor + 0.55% per annum.	15.39	-
A16 Rupee term loan from HDFC Bank Limited carries interest @ 8.60% per annum and is repayable in 20 equal quarterly instalments after moratorium of 4 quarters starting January, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	25.00	-
A17 Rupee working capital term loan (ECLGS) from Yes Bank Limited carries interest @ 7.25% per annum and is repayable in 48 equal monthly instalments after moratorium of 12 months starting April, 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	17.00	-
A18 Rupee working capital term loan (ECLGS) from Kotak Mahindra Bank Limited carries interest @ 7.20% per annum and is repayable in 48 monthly instalments after moratorium of 12 months starting February, 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	28.50	-



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
A19 Rupee working capital term loan (ECLGS) from RBL Bank Limited carries interest @ 7.15% per annum and is repayable in 48 equal monthly instalments after moratorium of 12 months starting April, 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	17.15	-
A20 Rupee term loan from RBL Bank Limited carries Interest @ 8.95% to 9.95% per annum (previous year 9.90% to 9.95% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 2 quarters. Loan is secured against entire fixed assets present and future of the subsidiary Company namely Rico Aluminium and Ferrous Auto Components Limited and Letter of comfort issued by Rico Auto Industries Ltd.	1.50	4.50
A21 Rupee term loan from Bajaj Finance Limited carries interest @ 8.90% to 9.05% per annum (previous year 8.90% to 9.40% per annum) and is repayable in 23 equal quarterly instalments starting March, 2020. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Center, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Ltd.	8.73	9.77
A22 Rupee term loan from Bajaj Finance Limited carries interest @ 9.00% per annum and is repayable in 60 equal monthly instalments after moratorium of 12 months starting December, 2021. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Center, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Ltd.	10.00	-
A23 Rupee working capital term loan (ECLGS) from Bajaj Finance Limited carries interest @ 9.00% per annum and is repayable in 36 monthly instalments after moratorium of 12 months starting November, 2021. The facility is secured by second pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future, second pari passu charge on mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Center, Bawal, Haryana.	3.63	-
A24 Rupee term loan from RBL Bank Limited carries interest @ 8.65% to 9.25% per annum (previous year 9.05% to 9.70% per annum) and is repayable in 16 equal quarterly instalments starting October, 2019. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Center, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Ltd.	1.81	2.53
A25 Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 47-60 carrying interest @ 8.00% to 8.50% per annum (Previous year 8.00% to 8.15% per annum).	0.35	0.21
A26 Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 47-60 carrying interest @ 7.20% to 9.52% per annum (Previous year 8.15% to 11.05% per annum).	1.35	2.39
A27 Loan received from directors as Interest free loans and is repayable on demand	0.43	-

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>B Security details</b>		
<b>Current secured loans</b>		
1 Working capital loans are secured against first pari passu charge on all the current assets of the Company including all types of stocks and book debts/ receivables (both present and future) carrying interest rate ranging from 4.60% to 9.95% per annum (previous year 5.60% to 10.55% per annum)	156.36	153.81
2 Working capital facility for sale bill discounting from banks carries interest @ 5.40% to 6.25% per annum	31.12	-
3 Working capital loans from RBL Bank is secured against entire current assets, both present and future and Letter of Comfort issued by Rico Auto Industries Limited loan carrying interest rate ranging from 8.65% to 9.55% per annum (previous year 9.20% to 9.70%)	-	2.63
4 Working capital loans from RBL bank Limited is secured against first pari passu charge over entire current assets of the Company, present and future and second pari passu charge (unless specifically charged) over entire fixed assets of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land and building of the Company situated at Plot No.22, sector 5, Phase II, Growth Centre, Bawal, Haryana, further also secured by Letter of Comfort from Rico Auto Industries Limited, loan carrying interest rate ranging from 8.65% to 9.55% per annum (previous year 9.10% to 9.75%).	8.12	0.46
5 Working capital loans from Yes Bank Limited is secured against Exclusive charge on Current Assets and movable fixed assets (both present and future), Exclusive charge on all Immovable property and Unconditional and irrevocable Corporate Guarantee from Rico Auto Industries Limited, loan carrying interest rate ranging from 9.20% to 10.40% per annum (previous year 9.90% to 10.20% per annum).	1.04	-
6 Working capital loans / facilities from Bajaj Finance Limited is against triparty agreement between Bajaj Auto Limited, Bajaj Finance Limited and the Company. The loan is secured by Letter of Comfort from Rico Auto Industries Limited, loan carrying interest rate ranging from 8.50% to 9.60% per annum (previous year 9.10% to 9.60% per annum).	9.97	6.65
	<u>206.61</u>	<u>163.55</u>

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
<b>16 OTHER FINANCIAL LIABILITIES</b>		
<b>Non Current</b>		
Lease liabilities (refer note 45)	10.83	10.27
	<u>10.83</u>	<u>10.27</u>
<b>Current</b>		
Current maturities of long-term debts		
<b>Secured</b>		
Foreign currency loans	38.97	16.76
Rupee loans	54.92	27.70
Derivative liabilities measured at fair value (refer note 32)	6.75	9.77
Lease liabilities (refer note 45)	1.53	1.02
Interest accrued but not due on borrowings	1.95	1.82
Unclaimed dividends	1.38	1.39
Security deposit	2.41	2.51
Capital creditors	22.28	27.69
Employee benefits payable	16.86	7.68
Other liabilities	0.03	1.19
	<u>147.08</u>	<u>97.52</u>
<b>17 PROVISIONS</b>		
<b>Non current</b>		
Provision for gratuity (refer note 38)	19.57	16.95
Provision for compensated absences	6.93	5.98
Provision for warranty (refer note below)	0.15	0.19
	<u>26.65</u>	<u>23.12</u>
<b>Current</b>		
Provision for gratuity (refer note 38)	0.22	0.51
Provision for compensated absences	0.30	0.34
Provision for warranty (refer note below)	0.05	0.15

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
<b>Note: Movement in provision for warranty</b>	<b>0.57</b>	<b>1.00</b>
Opening provision	0.34	0.27
Add: charge for the year	0.02	0.13
Less: utilised during the year	(0.16)	(0.06)
<b>Closing provision</b>	<b>0.20</b>	<b>0.34</b>
<b>18 OTHER LIABILITIES</b>		
<b>Non current</b>		
Security deposits	1.97	2.14
Deferred revenue	0.10	1.26
	<b>2.07</b>	<b>3.40</b>
<b>Current</b>		
Statutory liabilities	17.48	8.70
Security deposits	0.80	-
Contract liabilities – advances from customers (refer note 44)	11.28	22.52
Deferred revenue	0.01	0.07
Other liabilities	0.16	1.32
	<b>29.73</b>	<b>32.61</b>
<b>19 TRADE PAYABLES</b>		
Payable to micro and small enterprises (refer note 36)	19.63	11.89
Other Payables including payables to related parties (refer note 36)	342.59	241.49
	<b>362.22</b>	<b>253.38</b>
<b>20 CURRENT TAX LIABILITIES (NET)</b>		
Provision for income tax (net of advance tax ₹ 2.28 crores, March 31, 2020: ₹ 4.34 crores)	0.63	1.18
	<b>0.63</b>	<b>1.18</b>
<b>21 REVENUE FROM OPERATIONS (REFER NOTE 44)</b>		
Sale of products	1,424.72	1,356.39
Sale of services (job work income)	8.83	3.82
	<b>1,433.55</b>	<b>1,360.21</b>
<b>Other operating revenues</b>		
Scrap sales	10.65	12.23
Duty draw back and other incentives	11.28	18.62
Unwinding of deferred revenue	1.28	-
Others	13.18	10.01
	<b>36.39</b>	<b>40.86</b>
<b>22 OTHER INCOME</b>		
Interest income on financial assets measured at amortised cost	8.46	9.85
Foreign exchange rate fluctuation (net)	3.18	8.47
Rental	1.09	1.06
Miscellaneous income	5.77	3.33
	<b>18.50</b>	<b>22.71</b>
<b>23 COST OF MATERIALS CONSUMED</b>		
Raw material and components		
Opening stock	41.59	27.75
Add : Purchases during the year	900.49	755.23
Less : Closing stock	74.13	41.59
Material consumed	<b>867.95</b>	<b>741.39</b>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS</b>		
<b>(a) Finished goods</b>		
Opening stock	47.81	50.37
Closing stock	105.25	47.81
	<u>(57.44)</u>	<u>2.56</u>
<b>(b) Work-in-progress</b>		
Opening stock	15.67	12.25
Closing stock	20.40	15.67
	<u>(4.73)</u>	<u>(3.42)</u>
	<u>(62.17)</u>	<u>(0.86)</u>
<b>25 OTHER MANUFACTURING EXPENSES</b>		
Consumption of stores and spares	70.25	69.06
Power and fuel	114.86	112.63
	<u>185.11</u>	<u>181.70</u>
<b>26 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	213.55	220.06
Contribution to provident and other funds (refer note 38)	14.71	15.74
Staff welfare expenses	9.36	10.57
	<u>237.62</u>	<u>246.37</u>
<b>27 FINANCE COSTS</b>		
Interest expenses towards loans and lease liabilities	36.90	27.02
Foreign exchange differences regarded as an adjustment to borrowing costs	-	1.61
Other borrowing costs	1.71	2.57
	<u>38.61</u>	<u>31.20</u>
<b>28 OTHER EXPENSES</b>		
Rent (refer note 45)	6.18	6.14
Repairs		-
Buildings	0.93	1.73
Machinery	7.16	7.01
Others	3.68	3.96
Insurance	4.23	4.37
Rates and taxes	2.44	0.76
Directors' sitting fees	-	0.45
Traveling and conveyance	4.01	5.62
Legal and professional*	8.74	11.87
Vehicle running and maintenance expenses	2.98	3.33
Freight and forwarding	101.45	59.45
Inspection and other charges	4.44	7.39
Loss allowance	0.13	0.53
Amortisation of contract cost	2.04	-
Miscellaneous	4.39	6.11
	<u>152.80</u>	<u>118.72</u>
<b>*Includes payment to the statutory auditors on account of:</b>		
Statutory audit fees including limited reviews	0.91	0.90
Certification services	0.03	0.09
Others	0.04	0.07
	<u>0.98</u>	<u>1.06</u>
<b>29 EXCEPTIONAL ITEMS</b>		
Expenditure incurred on account of voluntary retirement scheme	4.36	6.79
	<u>4.36</u>	<u>6.79</u>
<b>30 INCOME TAX</b>		

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

	(₹ in Crores)	
	Year ended March 31, 2021	Year ended March 31, 2020
	Amount	Amount
Profit from continuing operations before income tax expense	(15.92)	18.90
Income tax using the Company's domestic tax rate	(5.56)	6.60

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

Tax incentives and concessions	1.01	(5.24)
Non Deductible expenses	0.41	0.53
Tax effect of Deferred Tax Impact (refer note below)	–	(3.19)
Others	2.29	3.52
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>(1.85)</b>	<b>2.22</b>

### Note

During the previous year, pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Holding company, Rico Auto Industries Limited ('Company'), has carried out an evaluation and based on its forecasted profits, believes it will not be beneficial for the Company to choose the lower tax rate option till the year ending March 31, 2023. Accordingly, current tax liabilities have been recorded at effective rate of 34.944% and deferred tax asset/liabilities reversing after March 31, 2023 have been recorded at lower tax rate of 25.17% resulting in reversal of deferred tax liabilities (net) of ₹3.19 crores as at March 31, 2020. Further all subsidiary companies in the Group have opted for lower tax rate. Impact of the same is not material on subsidiary company financial statements.

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

	(₹ in Crores)			
	Opening balance	Recognised / (reversed) through profit and loss	Recognised / (reversed) through OCI	Closing balance
<b>B1 Deferred tax assets*</b>				
<b>For the year ended March 31, 2020</b>				
Carry forward losses	9.52	0.22	–	9.74
<b>For the year ended March 31, 2021</b>				
On carry forward losses	<b>9.74</b>	<b>0.94</b>	<b>–</b>	<b>10.68</b>
<b>B2 Deferred tax liabilities (net)</b>				
<b>For the year ended March 31, 2020</b>				
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	26.37	5.07	–	31.44
Financial assets and liabilities at amortised cost	13.42	1.81	–	15.23
Gain on fair value change of existing investment in joint venture	0.52	–	–	0.52
Others	0.17	(0.15)	–	0.02
	<u>40.48</u>	<u>6.73</u>	<u>–</u>	<u>47.21</u>
<b>Deferred tax assets</b>				
Employee benefits	(9.31)	1.00	(0.55)	(8.86)
Carry forward loss	–	(11.05)	–	(11.05)
Foreign currency monetary item translation difference account	(0.24)	(0.16)	–	(0.40)
Minimum alternative tax credit entitlement	(13.26)	(2.22)	–	(15.48)
Effective portion of loss on hedging instruments	–	–	(2.43)	(2.43)
Others	(0.71)	0.30	–	(0.41)
	<u>(23.52)</u>	<u>(12.13)</u>	<u>(2.98)</u>	<u>(38.63)</u>
<b>Net deferred tax liabilities</b>	<u>16.96</u>	<u>(5.40)</u>	<u>(2.98)</u>	<u>8.58</u>
<b>For the year ended March 31, 2021</b>				
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	<b>31.44</b>	<b>7.34</b>	<b>–</b>	<b>38.78</b>
Financial assets and liabilities at amortised cost	<b>15.23</b>	<b>1.12</b>	<b>–</b>	<b>16.35</b>
Gain on fair value change of existing investment in joint venture	<b>0.52</b>	<b>–</b>	<b>–</b>	<b>0.52</b>
Others	<b>0.02</b>	<b>–</b>	<b>–</b>	<b>0.02</b>
	<u>47.21</u>	<u>8.46</u>	<u>–</u>	<u>55.67</u>
<b>Deferred tax assets</b>				
Employee benefits	<b>(8.86)</b>	<b>1.26</b>	<b>(0.53)</b>	<b>(8.12)</b>
Carry forward loss	<b>(11.05)</b>	<b>(11.32)</b>	<b>–</b>	<b>(22.55)</b>
Foreign currency monetary item translation difference account	<b>(0.40)</b>	<b>(0.19)</b>	<b>–</b>	<b>(0.59)</b>
Minimum alternative tax credit entitlement	<b>(15.48)</b>	<b>(0.92)</b>	<b>–</b>	<b>(16.40)</b>
Effective portion of loss on hedging instruments	<b>(2.43)</b>	<b>–</b>	<b>2.67</b>	<b>0.24</b>
Others	<b>(0.41)</b>	<b>(0.61)</b>	<b>–</b>	<b>(1.02)</b>
	<u>(38.63)</u>	<u>(11.78)</u>	<u>2.14</u>	<u>(48.45)</u>
<b>Net deferred tax liabilities</b>	<u>8.58</u>	<u>(3.32)</u>	<u>2.14</u>	<u>7.22</u>

\* Pertains to subsidiary companies, namely, Rico Jinfei Wheels Limited, Rasa Autocom Limited and Rico Aluminium and Ferrous Auto Components Limited. Deferred tax asset has been created only to the extent of availability of reasonably certain future taxable profits.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>31 (LOSS)/EARNINGS PER SHARE</b>		(₹ in Crores)
(Loss)/Profit after tax (A) (₹)	(14.18)	16.60
Weighted average number of equity shares (basic/diluted) (B)	135,285,000	135,285,000
Nominal value of equity share (₹)	1.00	1.00
<b>(Loss)/Earnings per share – basic/diluted (A/B) (₹)</b>	<b>(1.05)</b>	<b>1.23</b>

### 32 FINANCIAL INSTRUMENTS

#### A Financial Instruments by Category

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

	As at March 31, 2021		As at March 31, 2020	
	Derivatives (FV) used for hedging	Amortized Cost*	FVTPL	Amortized Cost*
<b>Financial assets</b>				
<b>Non-current</b>				
Loans	–	67.31	–	76.50
Other financial assets	–	3.00	–	–
<b>Current</b>				
Trade Receivables	–	352.25	–	266.24
Cash and cash equivalents	–	13.86	–	11.83
Bank balances other than cash and cash equivalents	–	7.34	–	4.75
Loans	–	6.46	–	6.40
Other financial assets	0.63	38.10	0.78	29.21
	<b>0.63</b>	<b>488.32</b>	<b>0.78</b>	<b>394.93</b>
<b>Financial liabilities</b>				
<b>Non-current</b>				
Borrowings	–	241.09	–	209.82
Other financial liabilities	–	10.83	–	10.27
<b>Current</b>				
Borrowings	–	206.61	–	163.55
Trade payables	–	362.22	–	253.38
Other financial liabilities	6.75	140.33	9.77	87.75
	<b>6.75</b>	<b>961.08</b>	<b>9.77</b>	<b>724.77</b>

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

#### B Fair value hierarchy

The categories used are as follows:

Level 1: Quoted price in active market.

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

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

##### B.1 Financial assets and liabilities measured at fair value – recurring fair value measurements

	As at	Level 1	Level 2	Level 3	Total
Derivative asset	March 31, 2021	–	0.63	–	0.63
Derivative liability	March 31, 2021	–	6.75	–	6.75
Derivative asset	March 31, 2020	–	0.78	–	0.78
Derivative liability	March 31, 2020	–	9.77	–	9.77

#### C Derivative financial instruments and hedge accounting

The Group's exposure arises mainly on import (of raw material and capital items), export (of finished goods) and foreign currency borrowings. The Group follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Group, management uses certain derivative instruments to manage its exposure to the foreign currency risk. Foreign currency transactions are managed within approved policy parameters. The Group uses forward contracts, cross currency swap and interest

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

rate swaps to hedge its exposure to foreign currency and interest rate risk. These derivatives are designated as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

### Impact of hedging activities

#### (i) Effects of hedge accounting on balance sheet as at 31 March 2021:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 9,739,372	–	5.88	Apr 2020 – Sep 2025	77.87	0.72	(0.59)
(ii) Forward contracts	USD 3,600,000	0.44	–	Apr 2020 – Sep 2020	77.37	(1.75)	(1.75)
(iii) Forward contracts	EUR 1,200,000	0.19	–	Apr 2020 – Sep 2020	87.17	(0.14)	(0.14)
Interest rate risk							
(i) Interest rate swap	EUR 4,754,829	–	0.87	Apr 2020 – Sep 2024	2.80%	(0.32)	(0.32)
<b>Total</b>		<b>0.63</b>	<b>6.75</b>				

#### (ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2021:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	8.99	(0.13)	3.45	Revenue
Interest rate risk	0.32	–	(0.29)	Finance cost

#### (i) Effects of hedge accounting on balance sheet as at 31 March 2020:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 11,701,802	–	6.54	Apr 2020 – Sep 2025	78.33	(4.27)	4.31
(ii) Forward contracts	USD 8,850,000	0.73	2.04	Apr 2020 – Sep 2020	73.07	(1.31)	1.31
(iii) Forward contracts	EUR 600,000	0.05	–	Apr 2020 – Sep 2020	84.81	(0.05)	0.05
Interest rate risk							
(i) Interest rate swap	EUR 4,754,829	–	1.19	Apr 2020 – Sep 2024	2.80%	0.11	(0.11)
<b>Total</b>		<b>0.78</b>	<b>9.77</b>				

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### (ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2020:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	(8.33)	(0.04)	1.55	Revenue
Interest rate risk	0.11	–	(0.24)	Finance cost

### (iii) Movement in cash flow hedge reserve

Particulars	Foreign currency and interest rate risk (As at March 31, 2021)	Foreign currency and interest rate risk (As at March 31, 2020)
<b>Opening balance</b>	(4.52)	–
Add: Changes in fair value of hedging instruments	9.18	(8.26)
Less: Amounts reclassified to profit or loss	(3.16)	1.31
Less: Deferred tax relating to above (net)	(2.11)	2.43
<b>Closing balance</b>	<b>(0.61)</b>	<b>(4.52)</b>

## 33 CAPITAL MANAGEMENT

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

### Total debt divided by total equity

	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Total debts*	541.59	417.83
Total equity#	605.84	620.98
Debt equity ratio	0.89	0.67

\* includes short term and long term borrowings with current maturities

# includes equity share capital and other equity

## 34 FINANCIAL RISK MANAGEMENT

### 34A Market risk:

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk namely currency risks and interest rate risk. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### a. Foreign currency risk:

The Group's exposure arises mainly on import (of raw material and capital items), export (of finished goods) and foreign currency borrowings. The Group follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Group, management uses certain derivative instruments to manage its exposure to the foreign currency risk in connection with its foreign currency management policy. Foreign currency transactions are managed within approved policy parameters.



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### (i) Particulars of unhedged foreign currency exposure as at the reporting date

The Group exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

(₹ in Crores)						
As at March 31, 2021	USD	JPY	EURO	GBP	Others	Total
Trade payable	16.87	0.14	4.73	2.99	–	24.73
Advance from customer	1.84	–	2.68	–	–	4.53
<b>Borrowings:</b>						
Term loan#	–	–	115.59	–	–	115.59
Less: Investments	0.18	–	–	0.20	–	0.38
Less: Cash & bank	0.24	–	0.89	–	0.00	1.14
Less: Advance to supplier	1.39	1.79	2.72	0.19	–	6.09
Less: Trade receivable	57.43	–	40.43	–	–	97.86
<b>Net payable</b>	<b>(40.53)</b>	<b>(1.65)</b>	<b>78.96</b>	<b>2.66</b>	<b>(0.00)</b>	<b>39.38</b>
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	0.41	0.02	(0.79)	(0.03)	–	(0.41)
Sensitivity to decrease of 1%	(0.41)	(0.02)	0.79	0.03	–	0.41

(₹ in Crores)						
As at March 31, 2020	USD	JPY	EURO	GBP	Others	Total
Trade payable	10.71	4.41	4.13	–	–	19.25
Advance from customer	1.44	–	1.30	2.84	–	5.58
Other payable	0.08	–	0.06	–	–	0.14
<b>Borrowings:</b>						
Term loan#	2.83	–	116.96	–	–	119.79
Less: Investments	0.19	–	–	0.19	–	0.38
Less: Cash & bank	0.00	–	0.33	–	–	0.33
Less: Advance to Supplier	3.65	1.15	8.96	–	–	13.76
Less: Trade receivable	54.77	–	13.15	–	–	67.92
<b>Net payable</b>	<b>(43.56)</b>	<b>3.26</b>	<b>100.02</b>	<b>2.66</b>	<b>–</b>	<b>62.37</b>
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	0.14	(0.03)	(1.00)	(0.03)	–	(0.58)
Sensitivity to decrease of 1%	(0.14)	0.03	1.00	0.03	–	0.58

#Includes INR to EUR swap amounting to EUR 6,041,172 outstanding as at 31 March 2021

### Derivatives outstanding at the reporting date:

(₹ in Crores)			
	Currency sold	As at March 31, 2021	As at March 31, 2020
Forward Contract (sell) against exports	USD	18.99	64.66
Forward Contract (sell) against exports	Euro	19.32	5.09

### b. Interest rate risk:

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

(₹ in Crores)		
	As at March 31, 2021	As at March 31, 2020
Variable rate borrowing	309.99	213.33

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

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

Variable rate borrowings	(₹ in Crores)	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest rate increase by 0.5%	1.55	1.07
Interest rate decrease by 0.5%	(1.55)	(1.07)

### 34B Credit Risk :

Credit risk refers to the risk of default on its obligation by the customer/counter party resulting in a financial loss. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarized below:

Particulars	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	13.86	11.83
Other bank balances	7.34	4.75
Trade receivables	352.25	266.24
Loans	73.77	82.90
Other financial assets	41.73	29.99

### Cash and cash equivalents and bank balances

Credit risk relating to cash and cash equivalents and restricted cash is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an on-going basis.

### Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Group grants credit terms in the normal course of business. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 and March 31, 2020 is insignificant.

### Loans and other financial assets measured at amortized cost

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

Given below is the ageing of trade receivables:

### Trade Receivables

Particulars	(₹ in Crores)	
	As at March 31, 2021	As at March 31, 2020
Outstanding for more than six months	15.07	10.98
Others	337.18	255.26
	<u>352.25</u>	<u>266.24</u>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 34C Liquidity risk:

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the Group. The Group has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

The below tables summaries the maturity profile of the Group's financial liabilities:

(₹ in Crores)

	Less than 1 year	1 – 3 years	More than 3 years	Total
<b>As at March 31, 2021</b>				
Borrowings (including interest)	318.08	179.48	98.15	595.71
Interest accrued but not due on borrowings	1.95	–	–	1.95
Trade payable (including capital creditors)	384.50	–	–	384.50
Unclaimed dividends	1.38	–	–	1.38
Employee benefit payable	16.86	–	–	16.86
Security deposit	2.41	–	–	2.41
Derivative liabilities measured at fair value	6.75	–	–	6.75
Lease liabilities	1.53	2.10	8.17	11.80
Others	0.03	–	–	0.03
	<b>715.91</b>	<b>126.35</b>	<b>125.01</b>	<b>967.27</b>
<b>As at March 31, 2020</b>				
Borrowings (including interest)	219.51	154.63	94.61	468.75
Interest accrued but not due on borrowings	1.82	–	–	1.82
Trade payable (including capital creditors)	281.07	–	–	281.07
Unclaimed Dividends	1.39	–	–	1.39
Employee Benefit Payable	7.68	–	–	7.68
Security Deposit	2.51	–	–	2.51
Derivative liabilities measured at fair value	9.77	–	–	9.77
Lease liabilities	1.02	2.10	8.17	11.29
Others	1.19	–	–	1.19
	<b>514.46</b>	<b>126.35</b>	<b>93.74</b>	<b>734.55</b>

### 35 CONTINGENCIES

#### A Contingent liability

##### Demand against the Group not acknowledged as liability

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
Income tax	0.49*	0.03
Sales tax and Value added tax	0.67	0.61
Excise and service tax	9.60	6.81
Dakshin Haryana Bijli Vitran Nigam (“DHBVN”)**	5.60	5.60

\*\* DHBVN had demanded ₹5.60 crores (previous year ₹5.60 crores) for overdrawing power as compared to approved load limit. DHBVN filed a writ petition before Hon'ble High Court of Punjab and Haryana which was dismissed on account of non-prosecution on February 15, 2016. Thereafter, DHBVN filed case against the Holding Company with divisional bench of Honourable High Court of Punjab and Haryana. The Holding Company has deposited ₹3.60 crores with DHBVN. The case is presently pending and next hearing on July 29<sup>th</sup>, 2021

#### B Other matter

GAIL (India) Limited (“GAIL”) had raised a demand against the Holding Company in relation to minimum gas consumption by the Holding Company in accordance with the terms of Gas Sale Agreement executed between GAIL and the Holding Company. The Holding Company had filed a case against GAIL with Competition Commission of India which was decided in favour of the Holding Company, however GAIL continued to send demand notices to the Holding Company (amounting to ₹34.58 crores, as at reporting date) however the Holding Company refuted the claims filed by GAIL. During the current and previous year, the Holding Company has received waiver letters from GAIL in respect of such demand notices and accordingly the Holding Company believes that there will be no outflow of resources in respect of claims filed by GAIL.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 36 DUES TO MICRO AND SMALL ENTERPRISES

(₹ in Crores)

	As at March 31, 2021		As at March 31, 2020	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	19.63	0.04	11.89	0.03
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	–	–	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	–	–	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	0.04	–	0.03
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	–	–	–	–

This information as required to be disclosed under section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group.

### 37 COMMITMENTS

(₹ in Crores)

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹10.41 crores (March 31, 2020 ₹15.61 crores)]	28.38	39.66

### 38 EMPLOYEE BENEFITS

#### A. Defined contribution plans

(₹ in Crores)

	Year ended March 31, 2021	Year ended March 31, 2020
Employer's contribution to provident fund	7.70	8.35
Employer's contribution to ESI	0.35	0.41

#### B. Defined benefit plan

##### GRATUITY

In accordance with The Payment of Gratuity Act, 1972, the Group provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Group contributes the ascertained liability to Life Insurance Corporation of India and India First Life Insurance Company Limited with whom the plan assets are maintained.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

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

	Year ended March 31, 2021	(₹ in Crores) Year ended March 31, 2020
<b>B1 Change in defined benefit obligation</b>		
<b>Present value of obligation as at beginning of the year</b>	26.22	25.77
Current service cost*	2.18	2.27
Interest cost	1.75	1.98
Benefits paid	(2.78)	(5.37)
Actuarial loss/ (gain)	1.85	1.57
Acquisition adjustment	(0.36)	—
<b>Present value of obligation as at end of the year</b>	28.86	26.22
*Included in employee benefit expenses.		
<b>B2 Change in fair value of plan assets</b>		
Fair value of assets at the beginning of the year	8.76	8.96
Expected return on plan assets	0.59	0.74
Employers contributions	1.65	3.61
Benefits paid	(1.93)	(4.55)
<b>Fair value of plan assets as at end of the year</b>	9.07	8.76
<b>B3 The amounts to be recognised in balance sheet</b>		
Present value of obligation as at the end of the year	28.86	26.22
Fair value of plan assets as at the end of the year	(9.07)	(8.76)
<b>Net liability recognised in Balance Sheet</b>	19.79	17.46
– Non-current	19.57	16.95
– Current	0.22	0.51
<b>B4 Expense recognised during the year</b>		
<b>In consolidated statement of profit and loss</b>		
Current service cost	2.18	2.27
Interest cost (net of income)	1.16	1.24
Net cost	3.34	3.51
<b>In consolidated other comprehensive income</b>		
— change in financial assumptions	0.13	(0.84)
— experience variance (i.e. actual experience vs assumptions)	1.72	2.41
— return on plan assets, excluding amount recognised in net interest expense	—	—
Net cost	1.85	1.57
<b>B5 Actuarial assumptions:</b>		
Discount rate	6.80%	7.70%
Rate of increase in compensation levels	5.50%	0% for first year 5.50% thereafter
Mortality rate (% of IALM 06–08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
<b>Attrition / Withdrawal rates, based on age (per annum)</b>		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### B6 Sensitivity analysis for gratuity liability

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

	(₹ in Crores)			
	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	(1.35)	1.61	(1.38)	1.44
Impact of change in salary (+/- 0.5%)	1.64	(1.37)	1.47	(1.40)
Impact of change in attrition rate (+/- 0.5%)	(0.00)	(0.19)	(0.70)	(0.90)

### B7 Expected Contribution during the next annual reporting period

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	11 years	12 years

### B8 Maturity Profile of Defined Benefit Obligation

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average duration (based on discounted cashflows)	18.87	16.79

Expected cash flows over the next (valued on undiscounted basis):	Year ended March 31, 2021	Year ended March 31, 2020
1 year	1.30	0.85
2 to 5 years	7.39	6.13
6 to 10 years	12.66	11.69
More than 10 years	42.85	40.62

### C. Other long term benefit plans

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

Actuarial valuation has been done with the following assumptions:

	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	6.80%	6.80%
Salary growth rate	5.50%	0% for first year 5.50% thereafter
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

### 39 EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	Year ended March 31, 2021	Year ended March 31, 2020
Capital expenditure	2.55	4.11
Employee benefits expense	6.90	10.34
Revenue expenditure other than depreciation	2.39	2.34
Depreciation on research and development assets	2.07	1.29

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 40 RELATED PARTY DISCLOSURES

#### I Related parties

##### A Other Related Parties (Entity in which KMP exercise significant influence)

- i) ASN Manufacturing and Services Private Limited
- ii) Magpie Manufacturing and Tech Private Limited
- iii) ASN Properties Private Limited
- iv) Rico Castings Limited
- v) T.K. Precision Private Limited
- vi) Kapbros Engineering Industries Limited
- vii) Haridwar Estates Private Limited
- viii) Ishwara Manufacturing and Finvest Advisors Private Limited

##### B Key management personnel

- i) Shri Arvind Kapur – Chairman, CEO & Managing Director
- ii) Shri Arun Kapur – Joint Managing Director
- iii) Smt Upasna Kapur – Non-Executive Director
- iv) Shri Amarjit Chopra – Independent Director
- v) Shri Satish Sekhri – Independent Director
- vi) Shri Ashok Seth – Independent Director
- vii) Shri Kanwal Monga – Independent Director
- viii) Shri Rajeev Kapoor – Independent Director
- ix) Shri Vinod Kumar Nagar – Independent Director
- x) Ms. Sarita Kapur – Independent Director (w.e.f. August 28, 2020)
- xi) Shri Rakesh Kumar Sharma – Chief Financial Officer\*
- xiii) Shri B.M Jhamb – Company Secretary\*

\* as per the Companies Act 2013

#### II Transactions with related parties:

		(₹ in Crores)	
		Year ended March 31, 2021	Year ended March 31, 2020
<b>A</b>	<b>Entity in which directors are interested</b>		
<b>1</b>	<b>Rico Castings Limited</b>		
	Purchase of raw material including job work charges	22.23	18.43
	Sale of finished goods	14.55	11.63
	Job work income	0.01	0.04
	Reimbursement of expense	10.42	9.07
	Rent paid	3.60	1.88
	Interest received	4.23	4.41
	Repayment of loan	12.01	–
	Loan given	11.00	–
	Advance given against electricity & gas	2.22	–
<b>2</b>	<b>Kapbros Engineering Industries Limited</b>		
	Sales of finished goods	34.64	37.36
	Purchase of raw material including job work charges	71.49	68.00
	Recovery of expenses	2.25	4.46
	Reimbursement of expense	0.41	–
	Rent received	0.99	0.97
	Sale of property, plant and equipment	0.16	7.05
	Purchase of property, plant and equipment	4.47	3.89
	Interest received	0.16	–
	Loan given	3.00	–
<b>3</b>	<b>ASN Manufacturing and Services Private Limited</b>		
	Sale of finished goods	3.54	0.92
	Purchase of raw material including job work charges	4.32	1.24
	Rent expense	1.12	1.15
	Rental income	0.08	0.11
	Interest income	2.73	2.97
	Recovery of expense	0.02	0.01
	Repayment of loan	4.27	–
<b>4</b>	<b>Magpie Manufacturing and Tech Private Limited</b>		
	Purchase of raw material including job work charges	12.96	10.37
<b>5</b>	<b>T.K. Precision Private Limited</b>		
	Purchase of raw material including job work charges	6.61	6.24
	Recovery of expenses	0.07	0.07
	Job work income	0.00*	–
<b>6</b>	<b>ASN Properties Private Limited</b>		
	Rent income	0.00*	–
	Interest income	0.19	–
	Repayment of loan	2.80	–
<b>7</b>	<b>Ishwara Manufacturing and Finvest Advisors Private Limited</b>		

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

		(₹ in Crores)	
		Year ended March 31, 2021	Year ended March 31, 2020
	Rent expense	0.08	0.06
<b>8</b>	<b>Key management personnel compensation**</b>		
	Shri Arvind Kapur	3.37	4.56
	Shri Arun Kapur	0.30	0.65
	Shri Rakesh Kumar Sharma#	0.57	0.71
	Shri BM Jhamb#	0.37	0.42
	Sitting fees & commission	0.54	0.60

\* Amounts have been rounded off to zero

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

# As per section 203 of Companies Act 2013, definition of Key Managerial Personnel includes Chief Executive Officer, Chief Financial Officer and Company Secretary.

Note: The above transactions are in the ordinary course of business.

### III Balances with related parties:

		(₹ in Crores)	
		As at March 31, 2021	As at March 31, 2020
<b>B</b>	<b>Entity in which directors are interested</b>		
<b>1</b>	<b>Rico Castings Limited</b>		
	Balance recoverable, net	1.08	2.99
	Recoverable against advance for electricity and gas on actual	9.00	6.78
	Loan	41.10	42.10
	Interest receivable	0.50	2.81
	Security deposit	4.90	4.90
<b>2</b>	<b>Kapros Engineering Industries Limited</b>		
	Trade payables	1.17	0.34
	Trade receivables	11.78	20.16
	Loans	3.00	-
<b>3</b>	<b>ASN Manufacturing and Services Private Limited</b>		
	Trade receivables	0.05	0.35
	Security deposits	0.26	0.26
	Loans	24.20	28.47
	Interest receivable	0.54	2.97
<b>4</b>	<b>Magpie Manufacturing and Tech Private Limited</b>		
	Trade payables	2.81	1.20
<b>5</b>	<b>Haridwar Estates Private Limited</b>		
	Trade receivables	-	0.09
<b>6</b>	<b>T.K. Precision Private Limited</b>		
	Trade payables	1.75	1.79
<b>7</b>	<b>Ishvara Manufacturing and Finvest Advisors Private Limited</b>		
	Trade payables	-	0.00*
	Security deposits	0.01	0.01
<b>8</b>	<b>ASN Properties Private Limited</b>		
	Trade receivables	0.00*	0.00*
	Loans	-	2.80

\*Amounts have been rounded off to zero.

All transactions with related parties are made on the terms equivalent to those that prevail at arm's length transactions and within the ordinary course of business. Outstanding balances at respective year ends are unsecured.



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 41 SEGMENT REPORTING

The Group is engaged in the manufacturing and sale of auto components for two wheelers and four wheelers. Considering the nature of the Group's business and operations, and the information reviewed by the Chief Operating Decision Maker (CODM) to allocate resources and assess performance, the Group has one reportable business segment as per the requirements of Ind AS 108 – 'Operating Segments'. Information about geographical area is given below:

(₹ in Crores)					
Particulars	India	UK (including Europe)	US	Other countries	Total
<b>Year ended March 31, 2021</b>					
Revenue from external customers (gross)	1,106.31	222.04	126.77	14.82	1,469.94
Non-current assets*#	828.40	0.00	0.00	–	828.40
<b>Year ended March 31, 2020</b>					
Revenue from external customers (gross)	1,085.55	154.75	143.34	17.43	1,401.07
Non-current assets*	782.21	0.00	0.00	0.00	782.21

\*Amounts have been rounded off to zero.

# Excluding Financial assets and Deferred tax assets

- 42 In accordance with Accounting Standard 11 (under previous GAAP) "The effects of Changes in Foreign Exchange Rates," the Group had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. The Group has elected to continue with the accounting treatment as per option given in para D13AA of Ind AS 101. Amount remaining to be amortised is as under:

(₹ in Crores)		
	As at March 31, 2021	As at March 31, 2020
<b>Un-amortised exchange differences–</b>		
– Property, plant and equipment	4.84	4.97
– FCMITDA	–	0.39

- 43 As per the transfer pricing norms applicable in India, the Group is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Group is in the process of updating the transfer pricing study for the current financial year. However, in the opinion of the management the same would not have a material impact on these consolidated financial statements.

### 44 REVENUE

Following are the disclosures with respect to revenue from operations in accordance with Ind AS 115 –

The Group's revenue disaggregated by geographical markets is as follows:

(₹ in Crores)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
India	1,106.31	1,085.55
Other than India	363.63	315.52
<b>Total</b>	<b>1,469.94</b>	<b>1,401.07</b>

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

(₹ in Crores)		
Particulars	As at March 31, 2021	As at March 31, 2020
Contract asset		
– Trade receivables*	352.25	266.24
– Unbilled revenue	5.14	0.67
Contract cost	19.31	10.34
Contract liabilities		
– Advances from customers	11.28	22.52
– Deferred revenue	0.11	1.33

\* Trade receivables are non-interest bearing and generally has credit period of 30 to 180 days

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

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

(₹ in Crores)

Particulars	As at March 31, 2021			
	Contract asset	Unbilled revenue	Advances from customers	Deferred revenue
Opening balances	10.34	0.67	22.52	1.33
Addition during the year	11.04	5.14	14.33	–
Revenue recognised/ amount adjusted/amortised during the year	(2.07)	(0.67)	(25.57)	1.22
<b>Closing balance</b>	<b>19.31</b>	<b>5.14</b>	<b>11.28</b>	<b>0.11</b>
Non-current	15.04	–	–	0.10
Current	4.27	5.14	11.28	0.01

Particulars	As at March 31, 2020			
	Contract asset	Unbilled revenue	Advances from customers	Deferred revenue
Opening balances	–	0.49	34.26	1.10
Addition during the year	10.34	0.67	20.55	0.23
Revenue recognised/ amount adjusted/amortised during the year	–	(0.49)	(32.29)	–
<b>Closing balance</b>	<b>10.34</b>	<b>0.67</b>	<b>22.52</b>	<b>1.33</b>
Non-current	8.27	–	–	1.26
Current	2.07	0.67	22.52	0.07

### 45 LEASES

#### i. Nature of Leasing activities

The Group has entered into lease arrangements for land, office and factory buildings that are renewable on a periodic basis with approval of both lessor and lessee. The Group does not have any lease commitments towards variable rent as per the contract.

#### ii. Lease liabilities are presented in the Balance Sheet as follows:

(₹ in Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current portion	10.83	10.27
Current portion	1.53	1.02
<b>Total lease liabilities</b>	<b>12.36</b>	<b>11.29</b>

#### iii. Lease payments not recognised as liability:

The expense relating to payments not included in the measurement of the lease liability is as follows: (₹ in Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Short term leases	6.18	6.14
<b>Total</b>	<b>6.18</b>	<b>6.14</b>

#### iv. Right of use assets recognised during the year

Particulars	As at March 31, 2021	As at March 31, 2020
Land	–	19.66
Building	–	11.56
Plant & Machinery	2.37	–
<b>Total</b>	<b>2.37</b>	<b>31.22</b>

Particulars	Carrying amount (Net block)	Depreciation Expense
<b>As on March 31, 2020</b>		
Land*	18.42	0.33
Building**	9.70	1.31
Plant & Machinery***	2.04	0.33
<b>Total</b>	<b>30.16</b>	<b>1.97</b>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

Particulars	Carrying amount (Net block)	Depreciation Expense
<b>As on March 31, 2020</b>		
Land*	18.75	0.33
Building**	11.02	0.54
<b>Total</b>	<b>29.77</b>	<b>0.87</b>

\* Right of use asset amounting to ₹19.66 crores as at March 31, 2021 (March 31, 2020 ₹19.66 crores). Carrying amount of net block and accumulated depreciation as on March 31, 2021 amounting to ₹18.42 crores (March 31, 2020 ₹18.75 crores) and ₹1.24 crores (March 31, 2020 ₹0.91 crores) respectively

\*\* Represents Right of Use asset amounting to ₹11.56 crores as at March 31, 2021 (March 31, 2020 ₹11.56 crores). Carrying amount of net block and accumulated depreciation as on March 31, 2021 amounting to ₹9.70 crores (March 31, 2020 ₹11.02 crores) and ₹1.86 crores (March 31, 2020 ₹0.54 crores) respectively.

\*\*\* Right of use asset recognized during the year amounting to ₹2.37 crores.

Lease term ranges from 4–9 years (previous year 9 years)

v. Total cash outflow pertaining to leases during the year ended March 31, 2021 is ₹2.73 crores (March 31, 2020 ₹1.55 crore). Interest expense on lease liability is ₹1.09 crores (March 31, 2020 ₹0.46 crore) for the year.

Since there were no lease commitments as at March 31, 2020, hence disclosure related to reconciliation of total lease commitments as at March 31, 2020 to the lease liabilities recognized at April 01, 2020 is not applicable.

vi. Lease income recognized during the current year ₹1.09 crores (previous year ₹1.06 crores)

46 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013

	Net assets		Share in loss		Share in other		Share in total	
	As at March 31, 2021		for the year ended		comprehensive income		comprehensive income	
	As %	Amount	As %	Amount	As %	Amount	As %	Amount
	Consolidated net assets		Consolidated net loss	Consolidated other comprehensive income		Consolidated total comprehensive income		
<b>Parent</b>								
Rico Auto Industries Limited	94.99%	578.40	(40.92%)	(5.76)	86.69%	2.96	(26.28%)	(2.80)
<b>Indian subsidiaries</b>								
1. AAN Engineering Industries Limited	(0.91%)	(5.51)	(5.84%)	(0.82)	0.15%	0.01	(7.56%)	(0.81)
2. Rico Investments Limited*	20.11%	122.45	20.55%	2.89	0.01%	0.00	27.13%	2.89
3. Rico Jinfei Wheels Limited	0.85%	5.18	14.78%	2.08	2.42%	0.08	20.29%	2.16
4. Rasa Autocom Limited	4.61%	28.08	11.96%	1.68	(0.28%)	(0.01)	15.69%	1.67
5. Rico Aluminium and Ferrous Auto Components Limited	4.55%	27.72	(65.67%)	(9.24)	(10.71%)	(0.37)	(90.1%)	(9.61)
6. Rico Fluidtronics Limited	7.91%	48.18	29.1%	4.10	0.25%	0.01	38.5%	4.11
7. Rico Friction Technology Private Limited (formerly known as Metalart Friction Private Limited)	0.09%	0.54	1.61%	0.23	0.02%	0.00	2.13%	0.23
<b>Foreign subsidiaries</b>								
1. Rico Auto Industries Inc., USA	5.18%	31.52	16.81%	2.37	–	–	22.19%	2.37
2. Rico Auto Industries (UK) Limited, UK	1.17%	7.10	(1.47%)	(0.21)	–	–	(1.94%)	(0.21)
<b>Minority Interest</b>								
1. Rico Investments Limited (including its subsidiaries)	0.51%	3.08	0.8%	0.11	–	–	1.05%	0.11
<b>Add/(Less): Effect of Intercompany adjustments/eliminations</b>	<b>(39.06%)</b>	<b>(237.83)</b>	<b>(81.72%)</b>	<b>(11.50)</b>	<b>21.44%</b>	<b>0.73</b>	<b>(101.1%)</b>	<b>(10.78)</b>
<b>Total</b>	<b>100.00%</b>	<b>608.91</b>	<b>100.00%</b>	<b>(14.07)</b>	<b>100.00%</b>	<b>3.41</b>	<b>100.00%</b>	<b>(10.66)</b>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

	Net assets As at March 31, 2020		Share in profit for the year ended March 31, 2020		Share in other comprehensive income for the year ended March 31, 2020		Share in total comprehensive income for the year ended March 31, 2020	
	As %	Amount	As %	Amount	As %	Amount	As %	Amount
	Consolidated net assets		Consolidated net profit		Consolidated other comprehensive income		Consolidated total comprehensive income	
<b>Parent</b>								
Rico Auto Industries Limited	93.85%	585.52	99.4%	16.58	86.69%	(129.43%)	88.78%	10.94
<b>Indian subsidiaries</b>								
1. AAN Engineering Industries Limited	(0.75%)	(4.70)	(11.69%)	(1.95)	-	-	(15.85%)	(1.95)
2. Rico Investments Limited*	20.12%	125.49	25.42%	4.24	-	-	34.38%	4.24
3. Rico Jinfei Wheels Limited	0.48%	3.01	3.66%	0.61	(1.15%)	(0.05)	4.55%	0.56
4. Rasa Autocom Limited	4.23%	26.40	39.38%	6.57	(2.98%)	(0.13)	52.26%	6.44
5. Rico Aluminum and Ferrous Auto Components Limited	5.98%	37.33	(55.03%)	(9.18)	3.67%	0.16	(73.21%)	(9.02)
6. Rico Fluidtronics Limited	0.09%	0.59	43.05%	7.18	2.75%	0.12	59.26%	7.30
<b>Foreign subsidiaries</b>								
1. Rico Auto Industries Inc., USA	4.54%	28.30	7.37%	1.23	19.74%	0.86	16.95%	2.09
2. Rico Auto Industries (UK) Limited, UK	1.1%	6.86	(2.04%)	(0.34)	7.4%	0.32	(0.16%)	(0.02)
<b>Minority Interest</b>								
1. Rico Investments Limited (including its subsidiaries)	0.46%	2.88	0.41%	0.08	-	-	0.65%	0.08
<b>Add/(Less): Effect of Intercompany adjustments/eliminations</b>	<b>(30.11%)</b>	<b>(187.82)</b>	<b>(49.93%)</b>	<b>(8.33)</b>	<b>-</b>	<b>-</b>	<b>(67.62%)</b>	<b>(8.33)</b>
<b>Total</b>	<b>100.00%</b>	<b>623.86</b>	<b>100.00%</b>	<b>16.68</b>	<b>100.00%</b>	<b>(4.36)</b>	<b>100.00%</b>	<b>12.32</b>

### 47 SUBSIDIARIES CONSIDERED FOR CONSOLIDATION

The Group's subsidiaries as at March 31, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The Country of incorporation or registration is also their principal place of business.

#### A Wholly owned subsidiaries of the Company:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		March 31, 2021	March 31, 2020
AAN Engineering Industries Limited	India	100%	100%
Rico Auto Industries Inc., USA	USA	100%	100%
Rico Auto Industries (UK) Limited, UK	UK	100%	100%
<b>B Entities having non-controlling interest:</b>			
Rico Investment Limited*	India	97.73%	97.73%
Rico Fluidtronics Limited	India	98.44%	98.44%
Rico Friction Technologies Private Limited	India	70.00%	0.00%

\*Rico Investment Limited has further three subsidiary companies namely, Rasa Autocom Limited, Rico Jinfei Wheels Limited and Rico Aluminium and Ferrous Auto Components Limited.

- 48** The spread of COVID 19 has affected the business operations post the national lock down. The Group has taken various measures in consonance with Central and State Government advisories to contain the pandemic. Post lifting of the lock down, the Group has carried out a comprehensive assessment of possible impact on its business operations, financial and non-financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Group has also performed sensitivity analysis on the assumptions used and does not foresee any significant incremental risk to the recoverability of its assets. In pursuant to the relaxed guidelines, the Group resumed its operations at all its plants. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of the above consolidated financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Group and take necessary measures to address the situation.
- 49** The Board of Directors have recommended a dividend of ₹0.20 (20%) per Equity Share of ₹1/- each for the financial year 2020-21, subject to the approval of Shareholders
- 50 Events after Balance sheet date**  
There are no reportable subsequent events after the balance sheet date.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 51 Reconciliation of liabilities from financing activities

During the previous years, there was amendment to Ind AS 7 Statement of cash flows, which require the entities to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment does not have any material impact on the consolidated financial statements; accordingly, the reconciliation is not disclosed

- 52 On December 30, 2020, the Company has acquired 70% shareholding of Rico Friction Technology Private Limited (formerly known as Metalart Friction Private Limited) at a purchase consideration of ₹0.01.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Particulars	Amount
Assets – (A)	1.68
Liabilities – (B)	1.37
Total identifiable net assets (at fair value) – (C) = (A–B)	0.30
Purchase consideration transferred in cash – (D)	0.01
Non–controlling interest – (E) = (30% of C)	0.09
Capital reserve – (F) = (C–D–E)	0.20

- 53 The Group carries net assets amounting to ₹42.96 crores (previous year ₹48.20 crores) of subsidiary company, Rico Jinfei Wheels Limited. Management periodically assesses whether there is an indication that such assets may be impaired. For this, where impairment indicators exists, management compares the carrying amounts of assets with their recoverable amount determined via discounted cash flow method.

The key assumptions used, are determined based on management's calculations after considering, past experiences, earning forecasts, discount rates and other available internal information to the extent available.

During the year, the Group has considered it appropriate to undertake the impairment assessment based on certain indicators, with reference to the latest business plan and assumptions referred above. Based on management's assessment, recoverable amount is higher than the carrying amount of the assets and hence, no impairment is recognized.

- 54 Contractual manpower cost for the year ended March 31, 2020 amounting to ₹74.47 crores respectively in consolidated financial statement have been regrouped from other manufacturing expenses to employee benefits expense to provide more relevant information.
- 55 The Code on Social Security, 2020 ('Code') relating to employee benefits received presidential assent in September 2020, applicable for Indian entities. The code has been published in the official Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 56 Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

#### For Walker Chandiook & Co LLP

Chartered Accountants

Firm registration No. 001076N/N500013

#### Arun Tandon

Partner

Membership No. : 517273

For and on behalf of the Board of Directors of

**Rico Auto Industries Limited**

#### Arvind Kapur

Chairman, CEO &

Managing Director

DIN: 00096308

#### Rakesh Kumar Sharma

Chief Financial Officer

PAN : AICPS9230J

#### B.M Jhamb

Company Secretary

FCS : 2446

Place : New Delhi

Date : June 21, 2021

Place : Gurugram

Date : June 21, 2021



# Concept to Completion

**R&D - Design Development,  
Validation & Testing**

**Engineering CAD CAM CAE**

**Manufacturing - Dies & Tooling**

**Manufacturing - Special Purpose  
Machines with CNC Controls**

**Casting - Aluminium & Ferrous  
Special Alloy for  
Electric Vehicle Components**

**Manufacturing & Process Engineering**

**Machining & Assembly**

**Logistics Management**

**Account & Program Management**



**RICO**

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