



**10<sup>th</sup> September, 2021**

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

**Scrip Code: 520073**

**Subject: Corrigendum to the Annual Report for FY 2020-21**

**Re: Submission of Annual Report for the Financial Year 2020-21.**

Dear Sir/Ma'am,

This is in furtherance to our letter dated 1st September, 2021 wherein the Company had submitted its Annual Report for FY 2020-21 along with the Notice of the 38<sup>th</sup> Annual General Meeting ("AGM") to be held on Friday, 24<sup>th</sup> September, 2021 at 3.00 p.m. (IST) via Video Conference / Other Audio Visual Means. This is to inform you that certain inadvertent errors were noticed in the Annual Report FY 2020-21 after the same was dispatched on 1st September, 2021 through email.

In this regard, please note the following changes made in the Annual Report FY 2020-21:

On Page 23: Under the heading Last Salary Drawn, the remunerations of Mr. Anil Sharma and Mr. Dev Raj Arya were swapped due to clerical errors which has now been corrected.

In view of the above, we are enclosing herewith the Annual Report of the Company for the FY 2020-21 along with the Notice of the 38<sup>th</sup> AGM, after incorporation of the above changes (other things remaining the same) and it is also available on the website of the Company at <http://www.raclgeartech.com/pdfs/Annual%20Report%20for%20the%20Year%202020-21.pdf>.

This is for your information and records

Thanking You,

**FOR RACL GEARTECH LIMITED**

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

# 38<sup>th</sup> ANNUAL REPORT

**2020 - 2021**



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



## BOARD OF DIRECTORS



### From Left to Right Standing:

- **Mr. Anil Sharma**  
(Non Executive Non- Independent Director)
- **Mr. Shashank Ramesh Anikhindi**  
(Independent Director)
- **Mr. Dev Raj Arya**  
(Whole-time Director & Chief Financial Officer)
- **Mr. Jagdish Keswani**  
(Independent Director)

### From Left to Right Sitting:

- **Brig. Harinder Pal Singh Bedi (Retd.)**  
(Independent Director)
- **Mrs. Narinder Paul Kaur**  
(Non Executive Non- Independent Director)
- **Mr. Gursharan Singh**  
(Chairman & Managing Director)
- **Mr. Rakesh Kapoor**  
(Independent Director)
- **Mrs. Malini Bansal**  
(Independent Director)

## FROM THE CHAIRMAN'S DESK



Dear Shareholders,

FY 2020-21 was an unprecedented & challenging year for the entire World & no body on earth would have anticipated such a prolonged & devastating effect of COVID 19. Even now, one can't make any predictions, that by when, our mother earth shall be free from the pandemic. In these extremely difficult times, I pray for the health and safety of all our shareholders and their families and extend my heartiest gratitude to the frontline and healthcare workers who have been the gallant warriors during this pandemic.

As we present the 38<sup>th</sup> Annual Report of RACL Geartech Limited for the financial year 2020-21,

we all are worried for third wave of the Covid-19 crisis. I would request all our stakeholders to not let your guards down and take complete precautions and follow Covid appropriate behaviour to protect yourself and the ones around you and please get vaccinated as soon as possible.

I would also like to thank our esteem shareholders for your confidence & trust posed upon us during these testing times, which remained an inspiration for us to stand up to the challenge with grit and determination and a motivation to perform consistently for maintaining growth in revenue and profits.

FY21 wasn't anything that any of us would have ever imagined or planned for any contingency actions. Nevertheless, businesses and individuals across the globe stood up pretty fast & learnt to weather the storm and re-draw the ways of life. As we all are aware, COVID-19 pandemic raged across the world in beginning of FY 2020. Our Government took a strong preventive action & declared a country wide strict lock down, which coincided with beginning of fiscal year 2021. The announcement was without any advance warning, due to which the country witnessed turmoil and chaos, resulting into mass exodus of the migrant population from the bigger cities, plummeting demand for products and services, loss of lives and livelihood.

It was an extremely tough year for us as well and a look at the GDP numbers, which gives shivers & reflects the magnitude of the challenges we were facing. Each segment of the industry bore the brunt of the pandemic. The automotive industry, was worst hit & witnessed a whopping decline in its Q1 numbers.

Nevertheless, I am proud to state that despite all the hardships, we were successfully able to manage the situation. Q1 did witness a dip in sales figures and profits but we were back in control in the subsequent quarters. We undertook massive management actions towards reducing costs, optimising resources and working capital requirements. Our efforts were very fruitful, duly supported by our employees & supply chain partners. While we strictly adhered to all Government protocols on COVID management, we ensured that supplies to customers continued, despite of strict restrictions on operations. It was not only a testing time, but also a learning time for us. It taught us to work under unusual circumstances and yet achieve our targets. It has taught us the importance of work together, more than ever before and taking care of each other. Today, I am proud of what your company has achieved and learnt during this truly uncommon year. The resilience and the agility with which response was initiated to safeguard employees and partners was praiseworthy. We have learnt to treat challenges as opportunities.

Our Customers and Suppliers have been a big support in the times of crisis. We have efficiently adapted to the requirements of the changing business environment. During the year, we undertook people-centric

initiatives to ensure the safety of our entire team and slowly, but steadily, resumed production in all our manufacturing facilities, maintaining the guidelines set by the Government.

In FY 2020-21, I am happy to inform that your Company delivered a resilient performance despite a challenging operating environment. On a comparable basis, your company witnessed a small dip in the Total Revenue amounting to ₹ 207.73 Crores for the financial year ended 31<sup>st</sup> March, 2021 as compared to ₹ 212.84 Crores during the same period in the previous year. However, the Profit before Tax grew to ₹30.12 Crore as compared to ₹ 21.90 Crore in the previous year, while Net profit also grew considerably by 45.78% to ₹ 23.85 Crores from ₹ 16.36 Crores in FY 2019-20.

Despite the rough year, these realities give us the confidence that our organisation and its team is ready to take on any challenge that may occur over the coming years. The high point for RACL during this financial year was the historically high monthly sales figures during the month of November and December.

We all are aware that Pandemic has affected economy throughout the world and each sector of the economy has hit in one form or other. Automotive sector has also been affected substantially. We also know that it is not over yet and shall continue to impact us for some time. However, with the advent of vaccines and rigorous vaccinations activity across the globe, mankind shall be able to gain victory over the virus at some stage. Nevertheless, we shall have to adopt a cautious approach towards managing any future crisis that may come our way. Effective utilisation of resources, Human resource management, innovation and agility will help us to make our way out of unprecedented times. We will have to increase operational efficiencies everywhere. We will have to eliminate all sorts of wastages & avoidable costs, which shall be achieved with the collective efforts of the RACL Family.

The Company is also working with full determination for realisation of our Corporate Social Responsibility goals and endures to enable the ones in need. We aim to provide opportunities for the young to prepare themselves into future citizens who are able contribute to growth of country. Our ongoing CSR projects focus on the provision of educational facilities to the marginalized and under privileged children in our community. Apart from that, skill development, women empowerment, support to the deprived and destitute are the arenas where we are ceaselessly working to bring about constructive change.

COVID 19 crisis has generated new threats, but has also created new learnings to stay afloat even in crisis & has opened up a plethora of new opportunities & ways to do business. Our efforts in aligning with new standard of life have yielded heartening business returns. I am confident that we shall be able to sustain our initial success story and we shall be able to conquer more interesting opportunities over the coming years. I am optimistic that even in the worst case scenarios, we will be able to work diligently in our efforts towards turning headwinds into tailwinds taking us a few notches higher.

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

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

Thank you,



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

## CORPORATE INFORMATION

BOARD OF DIRECTORS	
<b>Mr. Gursharan Singh</b> Chairman & Managing Director	<b>Mrs. Narinder Paul Kaur</b> Non- Executive Non- Independent Director
<b>Mr. Dev Raj Arya</b> Whole-time Director & Chief Financial Officer	<b>Mr. Anil Sharma</b> Non- Executive Non- Independent Director
<b>Mr. Rakesh Kapoor</b> Independent Director	<b>Mr. Shashank Ramesh Anikhindi</b> Independent Director
<b>Mr. Jagdish Keswani</b> Independent Director	<b>Brig. Harinder Pal Singh Bedi</b> Independent Director
<b>Mrs. Malini Bansal</b> Independent Woman Director	

<b>Company Secretary &amp; Compliance Officer</b> Ms. Shagun Bajpai	<b>Corporate Identity Number</b> CIN: L34300DL1983PLC016136
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<b>Statutory Auditors</b> M/s. Gianender & Associates, Chartered Accountants Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar, New Delhi-110060	<b>Bankers</b> Bank of India, RBL Bank, Citi Bank, IndusInd Bank & Standard Chartered Bank
<b>Internal Auditors</b> Protiviti India Member Private Limited 15 <sup>th</sup> Floor, Tower A, DLF Building No. 5, DLF Phase III, DLF Cyber City, Gurgaon-122002, Haryana, India	<b>Registered Office</b> 15 <sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi-110019
<b>Secretarial Auditors</b> Ms. Ridhima Aggarwal Practicing Company Secretary Janakpuri, New Delhi- 110058	<b>Corporate Office</b> B-9, Sector-3, Noida Uttar Pradesh-201301
<b>Registrar &amp; Share Transfer Agents</b> MAS Services Limited T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi-20 Tel: 011-26387281 / 82 / 83 e-Mail: <a href="mailto:info@masserv.com">info@masserv.com</a> , Web: <a href="http://www.masserv.com">www.masserv.com</a>	<b>Plants</b> <b>Unit No. 1</b> A-3, Industrial Area, Gajraula, District Amroha, Uttar Pradesh-244223, India  <b>Unit No. 2</b> A-62, Sector-63, Noida District Gautam Budh Nagar, Uttar Pradesh-201307, India

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## NOTICE

Notice is hereby given that the 38<sup>th</sup> (Thirty Eighth) Annual General Meeting (“AGM”) of RACL Geartech Limited (“Company”) will be held through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) on Friday, 24<sup>th</sup> September, 2021 at 03:00 P.M. in accordance with the applicable provisions of the Companies Act, 2013 read with relevant MCA Circulars, to transact the following businesses:

### Ordinary Business

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021, together with the Reports of the Board of Directors and Auditors thereon.
2. To consider and appoint a Director in place of Mr. Anil Sharma (DIN: 00157911), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

3. To approve the re-appointment of Mr. Anil Sharma (DIN: 00157911) as the Non- Executive Non- Independent Director of the Company and payment of remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of section 149, 152, 160, 197, 198 and other applicable provisions of the Companies Act, 2013 (“Act”), read with the rules made thereunder and Schedule V and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by Nomination & Remuneration Committee and the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) and provisions of the Articles of Association of the Company, the re-appointment of Mr. Anil Sharma (DIN: 0157911) as the Non- Executive Non- Independent Director, be and is hereby approved for a period of 2 (two) years with effect from 29<sup>th</sup> September, 2021 to 28<sup>th</sup> September, 2023.

**RESOLVED FURTHER THAT** the approval of the Board of Directors be and is hereby accorded for the payment of ₹ 2,00,000.00 (Rupees Two Lakh only) per month w.e.f. 29<sup>th</sup> September, 2021, as retainership fees/ remunerations (in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof) to Mr. Anil Sharma, for the services rendered by him in the capacity of Professional Director (Non-Executive Director) and the said fees/ remuneration and other terms and conditions of his appointment shall be determine by the Nomination & Remuneration Committee or Board from time to time in accordance with applicable laws and provisions in this respect.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year, notwithstanding anything to the contrary herein contained, during his tenure, the aforesaid remuneration shall be paid as minimum remuneration subject to the provisions of Schedule V of the Act or any amendments thereto.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, things and matters as may be deemed necessary, proper or expedient to give effect to this

resolution and/or to make any modification as may be deemed necessary in the best interest of the Company.”

4. To approve the remuneration of Mrs. Narinder Paul Kaur (DIN: 02435942) as the Non- Executive Non- Independent Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of section 149, 152, 160, 197, 198 and other applicable provisions of the Companies Act, 2013 (“Act”), read with the rules made thereunder and Schedule V and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by Nomination & Remuneration Committee and the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) and provisions of the Articles of Association of the Company, consent of the Members be and is hereby accorded for the payment of ₹ 2,00,000.00 (Rupees Two Lakh only) per month w.e.f. 1<sup>st</sup> April, 2021, as retainership fees/ remunerations (in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof) to Mrs. Narinder Paul Kaur (DIN: 02435942), for the services rendered by her in the capacity of Professional Director (Non-Executive Director) and the said fees/ remuneration and other terms and conditions of her appointment shall be determine by the Nomination & Remuneration Committee or Board from time to time in accordance with applicable laws and provisions in this respect.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year, notwithstanding anything to the contrary herein contained, during his tenure, the aforesaid remuneration shall be paid as minimum remuneration subject to the provisions of Schedule V of the Act or any amendments thereto.

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

5. To approve the re-appointment and remuneration of Mr. Gursharan Singh, Chairman & Managing Director (DIN: 00057602) of the Company and in this regard, to consider and if thought fit, to pass, wi or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197 and 203 read with Schedule V of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable provisions of the Act (including any statutory modification(s), clarification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) and provisions of the Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Gursharan Singh, Chairman & Managing Director (DIN: 00057602) of the Company for a further period of 5 (five) years w.e.f. 23<sup>rd</sup> August, 2022 to 22<sup>nd</sup> August, 2027 along with the payment of remuneration (including remuneration in the event of loss or inadequacy of profits) to Mr. Gursharan Singh (notwithstanding that the remuneration payable to him in any financial year exceeds the aggregate annual remuneration of all the Executive Directors, who are promoters, as per the limits stipulated under the Listing Regulations, during the tenure of his appointment), for a period of 2 (two) years w.e.f. 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2023, on such terms and conditions including remuneration as stated in the explanatory statement attached hereto, with the



power to the Board to grant increments and alter and vary the terms and conditions including remuneration, subject to the same not exceeding the overall ceiling of the total managerial remuneration as provided under Section 197 of the Act or such other limits as may be prescribed from time to time in accordance with the Remuneration Policy of the Company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year, notwithstanding anything to the contrary herein contained, during his tenure, the aforesaid remuneration shall be paid as minimum remuneration subject to the provisions of Schedule V of the Act or any amendments thereto.

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

6. To approve the re-appointment of Mr. Dev Raj Arya (DIN: 00057582) as the Whole-time Director of the Company and payment of remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197 and 203 read with Schedule V of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable provisions of the Act (including any statutory modification(s), clarification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) and provisions of the Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Dev Raj Arya (DIN: 00057582) as the Whole-time Director of the Company for a further period of 2 (two) years w.e.f. 22<sup>nd</sup> October, 2021 to 21<sup>st</sup> October, 2023, to be designated as Director and Chief Financial Officer on such terms and conditions including remuneration (including remuneration in the event of loss or inadequacy of profits) for a period of 2 years w.e.f. 1<sup>st</sup> April, 2021 as stated in the explanatory statement attached hereto, with the power to the Board to grant increments and alter and vary the terms and conditions including remuneration, subject to the same not exceeding the overall ceiling of the total managerial remuneration as provided under Section 197 of the Act or such other limits as may be prescribed from time to time in accordance with the Remuneration Policy of the Company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year, notwithstanding anything to the contrary herein contained, during his tenure, the aforesaid remuneration shall be paid as minimum remuneration subject to the provisions of Schedule V of the Act or any amendments thereto.

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

7. To approve the confirmation of appointment of Mrs. Malini Bansal (DIN: 00167993) as the Non-Executive Independent Woman Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to Sections 149, 152 and 161 or any other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or

re-enactment(s) thereof, for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Company, approvals and recommendations of the Nomination and Remuneration Committee, and that of the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute), consent of the Members of the Company be and is hereby accorded to confirm the appointment of Ms. Malini Bansal (DIN: 00167993) who was appointed as an Additional Independent Director by the Board on 13<sup>th</sup> August, 2021 and holds office upto the 38<sup>th</sup> Annual General Meeting, and who meets the criteria of Independence and being eligible, offers herself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying the member’s intention to propose the candidature of Ms. Malini Bansal for the office of Director to hold office for a period of 3 years, commencing from 13<sup>th</sup> August, 2021 upto the conclusion of the 41<sup>st</sup> Annual General Meeting of the Company, as a Non- Executive Independent Director, not liable to retire by rotation.

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

8. To increase the borrowing limits of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of the Special Resolution passed at the 35<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September, 2018, and pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013, read with the applicable rules made there under and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable provisions (including any statutory modification(s) or re-enactment thereof for the time being in force), if any, of the Companies Act, 2013 and any other act or regulations, if any, and as approved and recommended by Audit Committee and Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof), consent of the members of the Company be and is hereby accorded to the Board for borrowing, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) from any one or more of the Financial Institutions, Banks, NBFCs, Foreign Banks or other(s), may exceed the aggregate of the Paid Up Share Capital of the Company and its Free Reserves, provided that the total amount so borrowed by the Board and outstanding at any point of time shall not exceed ₹ 150,00,00,000.00 (Rupees One Hundred and Fifty Crore only) or the aggregate of the Paid Up Share Capital and Free Reserves of the Company, whichever is higher.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution.”

9. To increase the limits of Creation of charges /mortgages/ hypothecation or otherwise on the movable or immovable properties of the Company in respect of borrowings the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of the Special Resolution passed at the 35<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September, 2018 and pursuant to the provisions of section 180 (1) (a) and

all other applicable provisions of the Companies Act, 2013, read with applicable rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable provisions (including any statutory modification(s) or re-enactment thereof for the time being in force), if any, of the Companies Act, 2013 and any other act or regulations, if any, and as approved and recommended by Audit Committee and Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof), consent of the members of the Company be and is hereby given to the Board to create such charges, mortgages, hypothecations or otherwise in addition to the existing charges, mortgages, hypothecations or otherwise created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of Banks/Financial Institution/NBFCs or other investing agencies or trustees for the holders of debentures/bonds/other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/ fully convertible or non-convertible and/or rupee/foreign currency convertible bonds and/or foreign currency bonds and/or bonds with share warrants attached or any other borrowings (hereinafter collectively referred to as “Loans”) provided that the total amount of Loans together with interest thereon or all other monies payable by the Company in respect of the said Loans for which the charges, mortgages, hypothecations or otherwise is to be created, shall not, at any time exceed ₹ 150,00,00,000.00 (Rupees One Hundred and Fifty Crore only) or the aggregate of the paid up share capital and free reserves of the Company, whichever is higher.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalise, settle and execute such documents/deeds/ writings/papers/ agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion thinks necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid.”

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

Date: 13<sup>th</sup> August, 2021

**Shagun Bajpai  
Company Secretary & Compliance Officer**

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

## NOTES:

1. In view of COVID-19 pandemic, social distancing norms and restrictions on movement of persons at several places in the country and pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020 and 02/2021 dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021, respectively issued by the Ministry of Corporate Affairs ('MCA') (collectively referred to as 'MCA Circulars') and Circular Nos. SEBI/HO/CFD/ CMD1/CIR/ P/2020/79 and SEBI/HO/CFD/ CMD2/ CIR/P/2021/11 dated May 12, 2020 and January 15, 2021, respectively issued by the Securities and Exchange Board of India (collectively referred to as 'SEBI Circulars'), holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members, is permitted. In compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/ OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM. Further, in compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2021 consisting of Standalone and Consolidated Financial Statements including Board's Report, Auditors' Report and other documents required to be attached therewith have been sent to the members on the E-mail IDs registered with the Company or the Registrar and Share Transfer Agent ("RTA") or the Depository Participant(s) ("DP") through electronic means and no physical copy of the Notice has been sent by the Company to any member.
2. The explanatory statement, pursuant to Section 102 of the Act, setting out material facts relating to the Special Businesses to be transacted at the AGM is annexed hereto. The Board of Directors of the Company at its meeting held on 13<sup>th</sup> August, 2021 considered that the special business under Item Nos. 3 to 9, being considered unavoidable, be transacted at the 38<sup>th</sup> AGM of the Company.
3. In compliance with the said Circulars, the Company has also published a public notice by way of an advertisement made dated 19<sup>th</sup> August, 2021 in Mint and Jansatta, both having a wide circulation, inter alia, advising the members whose E-mail IDs are not registered with the Company, its RTA or DP, as the case may be, to register their E-mail IDs with them.
4. The members who have not yet registered their E-mail IDs with the Company may send their requests to MAS Services Limited, RTA of the Company, at [info@masserv.com](mailto:info@masserv.com) or [investor@raclgeartech.com](mailto:investor@raclgeartech.com) for registering their E-mail IDs on or before 15<sup>th</sup> September, 2021. The Company shall send the Notice to such members whose E-mail IDs get registered within the aforesaid time enabling them to participate in the meeting and cast their votes.
5. If there is any change in the E-mail ID already registered with the Company, members are requested to immediately notify such change to the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.
6. In line with the MCA Circulars and SEBI Circular, the Notice of the 38<sup>th</sup> AGM will be available on the website of the Company at [www.raclgeartech.com](http://www.raclgeartech.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and also at the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

7. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
8. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for this AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting and for participation in the 38<sup>th</sup> AGM through VC/OAVM Facility. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution/ authorization letter to the Company at [investor@raclgeartech.com](mailto:investor@raclgeartech.com) or [info@masserv.com](mailto:info@masserv.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
9. In accordance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereto and applicable provisions of the SEBI Listing Regulations, National Securities Depository Limited (“NSDL”) will be providing facility for voting through remote e-Voting along with the facility for participation in the AGM through VC/OAVM Facility and e-Voting during the 38<sup>th</sup> AGM.
10. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.
11. The facility of e-Voting through the same portal, provided by NSDL, will be available during the Meeting through VC also to those Members who do not cast their votes by remote e-Voting prior to the Meeting. Members, who cast their votes by remote e-Voting, may attend the Meeting through VC but will not be entitled to cast their votes once again.
12. Members may join the AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open 15 minutes before and after the scheduled time of the commencement of the Meeting and the Company may close the window for joining the VC/OAVM Facility 15 minutes after the scheduled time to start the AGM.
13. Members may note that the VC/OAVM Facility, provided by NSDL, allows participation of atleast 1,000 Members on a on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come first-served principle.
14. The Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday, 18<sup>th</sup> September, 2021 to Friday, 24<sup>th</sup> September, 2021** (both days inclusive) for the purpose of AGM.
15. The voting rights of members shall be in proportion to their shares in the Paid up Equity Share Capital of the Company as on the cut-off date i.e. **Friday, 17<sup>th</sup> September, 2021**. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
16. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
17. All the documents referred to in the accompanying Notice of the 38<sup>th</sup> AGM and the Explanatory Statement along with the Register of Directors and Key Managerial Personnel and their

shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, shall be available for inspection by the Company at the Registered Office of the Company, during normal business hours on any working day, except Saturday, upto the date of the Meeting.

18. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 38<sup>th</sup> AGM, from their registered E-mail address, mentioning their name, DP ID and Client ID /Folio Number and mobile number, to the Company's E-mail address [investor@raclgeartech.com](mailto:investor@raclgeartech.com) by **15<sup>th</sup> September, 2021**. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
19. Members, who would like to ask questions during the 38<sup>th</sup> AGM with regard to the financial statements or any other matter to be placed at the 38<sup>th</sup> AGM, need to register themselves as a speaker by sending their request from their registered E-mail address mentioning their name, DP ID and Client ID /Folio Number and mobile number, to the Company's E-mail address [investor@raclgeartech.com](mailto:investor@raclgeartech.com) by **15<sup>th</sup> September, 2021**. Those Members who have registered themselves as a speaker shall be allowed to ask questions during the 38<sup>th</sup> AGM, depending upon the availability of time.
20. E-Voting and AGM through Video Conferencing:

In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015, Regulation 44 of the Listing Regulations and SS-2 on issued by the ICSI, the Company is pleased to provide its Members the facility to exercise their right to vote at the 38<sup>th</sup> AGM by electronic means and the businesses may be transacted through e-Voting services provided by NSDL.

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

**The instructions are as under:**

The remote e-voting period begins on **Tuesday, 21<sup>st</sup> September, 2021 at 09:00 A.M. IST** and ends on **Thursday, 23<sup>rd</sup> September, 2021 at 05:00 P.M. IST**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. 17<sup>th</sup> September, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

**How do I vote electronically using NSDL e-Voting system?**

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

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by 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 email 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>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is 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>3. 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 will 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 options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. 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 New System Myeasi.</li> <li>2. 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>3. 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>4. 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; Email 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. Once login, you will be able to see e-Voting option. Once you 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 options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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**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.: 1800 1020 990 and 1800 22 44 30
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 022- 23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. 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.	<p>EVEN Number followed by Folio Number registered with the company</p> <p>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***</p>
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5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) 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.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .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'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email IDs are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) 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 etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. 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 and General Meeting is in active status. EVEN for RACL Geartech Limited is **117046**.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need

to click on “VC/OAVM” link placed under “Join General Meeting”.

3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [ragnarwal@knm.in](mailto:ragnarwal@knm.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. 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.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. 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 email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. 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 email to [investor@masserv.com](mailto:investor@masserv.com) or [investor@raclgeartech.com](mailto:investor@raclgeartech.com).
2. 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 [investor@masserv.com](mailto:investor@masserv.com) or [investor@raclgeartech.com](mailto:investor@raclgeartech.com).
3. If you are an Individual shareholders 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 and joining virtual meeting for Individual shareholders holding securities in demat mode.
4. Alternatively shareholder/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.
5. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by 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 required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, 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.
3. 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.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join General meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member 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.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [investor@raclgeartech.com](mailto:investor@raclgeartech.com). The same will be replied by the company suitably.

**General guidelines for shareholders**

- a. The Board of Directors of the Company has appointed **Ms. Ridhima Aggarwal, Practicing Company Secretary** as the Scrutinizer to scrutinize the remote e-voting process as well as polling process in a fair and transparent manner.
- b. The Scrutinizer shall, immediately after conclusion of the AGM unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses not in the employment of the

Company and make, not later than 3 (three) days of conclusion of the Meeting, a consolidated Scrutinizer's Report. The Scrutinizer shall submit his report to the Chairperson of the Company or a person authorized by him in writing.

- c. The Chairperson or in his absence, a person authorized by him in writing shall declare the results after receiving the Scrutinizer's Report.
- d. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.raclgeartech.com](http://www.raclgeartech.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and communicated to BSE Limited, where the shares of the Company are listed.
- e. Since the AGM of the Company is being convened through VC and OAVM and the facility of remote e-voting is being provided to the shareholders, there shall be no voting by ballot papers.

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

Date: 13<sup>th</sup> August, 2021

**Shagun Bajpai  
Company Secretary & Compliance Officer**

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

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 (“ACT”)

### ITEM NO. 03:

As proposed by the Board of Directors, Mr. Anil Sharma (DIN 00157911) was appointed by the Members of the Company, in the 36<sup>th</sup> Annual General Meeting (“AGM”) of the Company held on 28<sup>th</sup> September, 2019 as the Non-Executive Non-Independent Director of the Company in the category of Professional Director for a period of 2 (two) years with effect from 29<sup>th</sup> September, 2019 up to 28<sup>th</sup> September, 2021, whose office was liable to retire by rotation.

In accordance with Section 152 of the Act, every Director shall be appointed by the Members in a General Meeting of the Company. Accordingly, the Board of Directors, in its meeting held on 13<sup>th</sup> August, 2021 upon the recommendation of the Nomination & Remuneration Committee of the Company, has proposed the re-appointment of Mr. Anil Sharma as the Non-Executive Non-Independent Director of the Company in the category of Professional Director for a further period of 2 (two) years with effect from 29<sup>th</sup> September, 2021 up to 28<sup>th</sup> September, 2023, whose office shall be liable to retire by rotation.

Further, Mr. Anil Sharma will provide the professional services and he will look after, *interalia*, the matters related PICUP, UPSIDC, and other related matters of the Company and shall be entitled to a professional fee of ₹ 2,00,000.00 (Rupees Two Lakh only) per month for a period of 2 (Two) years w.e.f. 29<sup>th</sup> September, 2021, for providing the said services in the capacity of a Non-Executive Non-Independent Director of the Company.

His appointment and remunerations would be within the limits prescribed under law/ regulations to act as a Non-Executive Non-Independent Director of the Company. He possesses a vast experience of over 40 years in project development and implementation and has retired as General Manager from PICUP. In the opinion of the Board and Nomination and Remuneration Committee, he is fit and eligible for being appointed as Non-Executive Non-Independent Director of the Company.

The Company has received his consent for the aforesaid appointment along with all statutory disclosures/declarations as per the applicable laws. Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Sharma has also been received by the Company from a member. He is not disqualified from being re-appointed as Director in terms of Section 164 of the Act.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act. Further, Mr. Sharma attended all the 5 (five) Board Meetings that were held during the year.

Accordingly, his appointment is placed for the approval of members as a Special Resolution under Section 196 for holding Directorship position over the age of 70 years.

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

Except Mr. Sharma & his relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the Special Resolution set out at Item No. 03 of this Notice.

**ITEM NO. 04:**

As proposed by the Board of Directors, Mrs. Narinder Paul Kaur (DIN: 02435942) was appointed by the Members of the Company, at the 32<sup>nd</sup> AGM held on 30<sup>th</sup> September, 2015 as the Non-Executive Non-Independent Director of the Company in the category of Professional Director, whose office was liable to retire by rotation.

Mrs. Kaur provides her professional services to the Company and handle the management and operation of the Noida Plant of the Company. Accordingly, the Board upon the recommendation of the Nomination & Remuneration Committee of the Company approved the professional fee of ₹ 2,00,000.00 (Rupees Two Lakh only) per month for a period of 2 (Two) years w.e.f. 1<sup>st</sup> April, 2021, for providing the said services in the capacity of a Non-Executive Non-Independent Director of the Company and recommended to the Members for their approval.

Her remuneration is within the limits prescribed under law/ regulations to act as a Non-Executive Non-Independent Director of the Company. She possesses relevant expertise and experience for being the Non-Executive Non-Independent Director of the Company. She is not disqualified from being re-appointed as Director in terms of Section 164 of the Act.

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

In order to comply with requirements under Regulation 17 of the Listing Regulations and the Act, approval of the members is being sought by way of a Special Resolution, as set out in Item No. 4 of this notice.

Except Mrs. Kaur, Mr. Gursharan Singh (Husband of Mrs. Narinder Paul Kaur) & her relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the Special Resolution set out at Item No. 04 of this Notice.

**ITEM NO. 05:**

Mr. Gursharan Singh (DIN: 00057602) was appointed as the Managing Director of the Company for a further period of 5 (Five) years w.e.f. 23<sup>rd</sup> August, 2017 by the Members of the Company at the AGM held on 28<sup>th</sup> September, 2017. Mr. Singh is designated as Chairman & Managing Director of the Company. The present term of his appointment as Managing Director is expiring on 22<sup>nd</sup> August, 2022. In accordance with Section 196 (2) of the Act, the re-appointment of a Managing Director can be made within one year prior to the expiry of his term.

Mr. Gursharan Singh is a Mechanical Engineering and hold a Post Graduate Diploma in Export management. He has a vast experience of over 40 years in the Industry. Under his stewardship and leadership, the Company has made a remarkable progress and has achieved tremendous growth and acquired goodwill and reputation in the business. Considering the valuable contributions, guidance and dynamic leadership of Mr. Gursharan Singh and the growth that the Company has achieved during his tenure, it is recommended to re-appoint Mr. Singh as the Managing Director of the Company for a further term of 5 (five) years w.e.f. 23<sup>rd</sup> August, 2022 to 22<sup>nd</sup> August, 2027.

The terms of appointment and remuneration of Mr. Gursharan Singh, Chairman Managing Director has been approved by the Board on recommendation of the Nomination and Remuneration Committee in their respective meetings held on 13<sup>th</sup> August, 2021. Mr. Singh satisfies all the conditions set out in Section 196 of the Act and Schedule V to the Act for being eligible for his re-appointment. He is not disqualified from being re-appointed as Director in terms of Section 164 of the Act. Further, Mr. Singh attended all the 5 (five) Board Meetings that were held during the year.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act. Details of Mr. Gursharan Singh are provided in the “Annexure” to the Notice pursuant to the provisions of the Listing Regulations and SS-2 issued by the Institute of Company Secretaries of India (“ICSI”). The details of remuneration payable to Mr. Gursharan Singh are given below:

- a. The Chairman & Managing Director shall be entitled to Basic Salary of ₹ 8.00 Lakh per month, House Rent Allowance (HRA) equivalent to 60% of Basic and Commission at the rate of 1.5% of the Net Profit of the Company as per the last audited financials of the Company.

The Allowances such as LTA, Medical allowance, contribution to Provident fund, etc., Gratuity, Leave Encashment, etc. shall be as per the Government guidelines and policy of the Company.

- b. The perquisites include:

- i. Car: Free use of Company’s Car with chauffeur.
- ii. Telephone: Free Telephones/Fax/Internet facility at residence including mobile telephones.
- iii. Club Fees: Fee of Club(s) subject to a maximum of ₹ 10 Lakhs (Rupees Ten lakhs) per annum.
- iv. Contribution by the Company under National Pension Scheme (NPS), if any, shall be the part of CTC of Mr. Gursharan Singh, Chairman & Managing Director.

The above perquisites shall be calculated as per Income Tax Act, 1961.

**Other terms:**

- i. The Chairman & Managing Director is entitled to reimbursement of all actual expenses as per Rules of the Company inclusive of entertainment/ business promotion and travelling expenses incurred in the course of the Company’s business.
- ii. For all other terms and conditions such as payment of medical reimbursement/ leave travel assistance etc. not specifically spelt out above, the policy of the company shall apply.
- iii. The Chairman & Managing Director is also entitled to the benefits under all other schemes, privileges and amenities as are granted to the Sr. Executives of the Company in accordance with the Company’s Policy in force from time to time.
- iv. He is not entitled to payment of any sitting fees for attending meetings of the Board or a Committee thereof.
- v. The appointment shall be terminable by the Company by giving him six months’ notice or on payment of six months’ Salary (including other allowances, perquisites, & benefits) in lieu thereof and by him by giving six months’ notice to the Company.
- vi. The Chairman and Managing Director shall hold office as such, subject to the provisions of Section 167 of the Act.

Further, in accordance with Regulation 17 (6)(e) of the Listing Regulations, approval of Shareholders is being sought by way of Special Resolution at Item No. 5 for remuneration payable to Executive (Promoter) Directors exceeds 5 per cent of the net profits of the listed entity.

The Company has received his consent for the aforesaid appointment along with all statutory disclosures/declarations. Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Singh has also been received by the Company. Accordingly, his re-appointment is placed for the approval of members.

Except Mr. Gursharan Singh, Mrs. Narinder Paul Kaur and his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the Special Resolution set out at Item no. 5 of this Notice.

**ITEM NO. 06:**

Mr. Dev Raj Arya (DIN: 00057582) was appointed as the Whole-time Director & Chief Financial Officer of the Company for a further period of 2 (two) years w.e.f. 22<sup>nd</sup> October, 2019 by the Members of the Company at the AGM held on 28<sup>th</sup> September, 2019. The present term of his appointment as Whole-time Director & CFO is expiring on 21<sup>st</sup> October, 2021.

Mr. Dev Raj Arya is a Company Secretary & Cost Accountant and holds a Master's Degree in Economics and Bachelors of Law. He has served in various Public Limited companies at senior level positions, having an experience of over 46 years in different fields and specialized knowledge in the field of Finance, Accounts, Costing and Secretarial and has undertaken various challenges and responsibilities under different capacities. He has been a part of RACL since 1997 and has successfully undertaken all assignments entrusted to him. He was later elevated to the position of the Whole-Time Director of the Company w.e.f. 22<sup>nd</sup> October, 2002 and was designated as a Whole-Time Director & Chief Financial Officer w.e.f. 1<sup>st</sup> September, 2014 and has been serving in that capacity since then. Considering the valuable contributions to the Company by Mr. Arya, it is recommended to re-appoint him as the Whole-time Director & CFO of the Company for a further term of 2 (two) years w.e.f. 22<sup>nd</sup> October, 2021 to 21<sup>st</sup> October, 2023.

The terms of appointment and remuneration of Mr. Dev Raj Arya, Whole-time Director & CFO have been approved by the Board on recommendation of the Nomination and Remuneration Committee in their respective meetings held on 13<sup>th</sup> August, 2021. Mr. Arya satisfies all the conditions set out in Section 196 of the Act, and Schedule V to the Act for being eligible for his re-appointment. He is not disqualified from being re-appointed as Director in terms of Section 164 of the Act. Further, Mr. Arya attended all the 5 (five) Board Meetings that were held during the year.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act. Details of Mr. Dev Raj Arya are provided in the "Annexure" to the Notice pursuant to the provisions of the Listing Regulations and SS-2 issued by the Institute of Company Secretaries of India ("ICSI"). The details of remuneration payable to Mr. Dev Raj Arya for a period of 2 years w.e.f. 1<sup>st</sup> April, 2021 are given below:

- a. The Whole-time Director & CFO shall be entitled to Basic Salary of ₹ 4.00 Lakh per month and House Rent Allowance (HRA) equivalent to 60% of Basic Salary.

The Allowances such as LTA, Medical allowance, contribution to Provident fund, etc., Gratuity, Leave Encashment, etc. shall be as per the Government guidelines and policy of the Company.

- b. The perquisites include:

- i. Car: Free use of Company's Car with chauffeur.
- ii. Telephone: Free Telephones/Fax/Internet facility at residence including mobile telephones.

The above perquisites shall be calculated as per Income Tax Act, 1961.



## PART - B

### Other terms:

- i. The Whole-time Director & CFO is entitled to reimbursement of all actual expenses as per Rules of the Company inclusive of entertainment/ business promotion and travelling expenses incurred in the course of the Company's business.
- ii. For all other terms and conditions such as payment of medical reimbursement/ leave travel assistance etc. not specifically spelt out above, the policy of the company shall apply.
- iii. The Whole-time Director & CFO is also entitled to the benefits under all other schemes, privileges and amenities as are granted to the Sr. Executives of the Company in accordance with the Company's Policy in force from time to time.
- iv. He is not entitled to payment of any sitting fees for attending meetings of the Board or a Committee thereof.
- v. The appointment shall be terminable by the Company by giving him six months' notice or on payment of six months' Salary (including other allowances, perquisites, & benefits) in lieu thereof and by him by giving six months' notice to the Company.
- vi. The Whole-time Director shall hold office as such, subject to the provisions of Section 167 of the Act.

Further, in accordance with Regulation 17 (6)(e) of the Listing Regulations, approval of Shareholders is being sought by way of Special Resolution at Item No. 6 for remuneration payable to Executive (Promoter) Directors exceeds 5 per cent of the net profits of the listed entity along with the provisions of Section 196 of the Act, for appointment of Director above the age of 70 years.

The Company has received his consent for the aforesaid appointment along with all statutory disclosures/declarations. Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Arya has also been received by the Company. Accordingly, his re-appointment is placed for the approval of members.

Except Mr. Dev Raj Arya and his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the Special Resolution set out at Item no. 6 of this Notice.

### ITEM NO. 07:

Pursuant to the provisions of Sections 149, 152 and 161 of the Act, an Additional Director is appointed by the Board to hold office upto the next General Meeting of the Company. Accordingly, Mrs. Malini Bansal was appointed as an Additional Non-Executive Independent Director of the Company by the Board of Directors, upon the recommendation of the Nomination & Remuneration Committee of the Company w.e.f. 13<sup>th</sup> August, 2021, subject to the approval by the Members in the General Meeting.

The Board in its meeting held on 13<sup>th</sup> August, 2021, upon the recommendation of the Nomination & Remuneration Committee of the Company, also proposed to confirm the appointment of Mrs. Bansal for a period of 3 years commencing from 13<sup>th</sup> August, 2021 upto the conclusion of the 41<sup>st</sup> AGM of the Company.

Mrs. Bansal, who has an experience of over 40 years, predominantly in the field of banking, finance, accounts and allied areas, is currently empanelled as the Arbitrator for entities like BSE Ltd., The National Stock Exchange Ltd., NSDL etc. She is retired Chief General Manager from IDBI Bank and has held the position of the Nominee Director in various Companies. In the opinion of the Board of Directors and the Nomination & Remuneration Committee, her understanding of her field and expertise shall be of great value to the Company.

The Company has received her consent for the aforesaid appointment along with all statutory disclosures/declarations including a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act. Requisite Notice under Section 160 of the Act proposing the appointment of Mrs. Bansal has also been received by the Company.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act. Further, Mrs. Bansal attended the Board Meeting held on 13<sup>th</sup> August, 2021 at the time of her appointment. Accordingly, her appointment is placed for the approval of members.

Details of Mrs. Bansal are provided in the “Annexure” to the Notice pursuant to the provisions of the Listing Regulations and SS-2, issued by the Institute of Company Secretaries of India.

Except Mrs. Malini Bansal & her relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the Special Resolution set out at Item No. 07 of this Notice.

**Item No. 08:**

The members of the Company at the 35<sup>th</sup> AGM held on 25<sup>th</sup> September, 2018, had approved, by way of a Special Resolution passed under section 180 (1) (c) of the Companies Act, 2013; borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not be in excess of ₹ 100,00,00,000.00 (Rupees Hundred Crore only).

Since, the business of the Company is growing and expanding, the fund requirement for Capital Expenditure and operational activities of the company are also increasing. Therefore, in order to fulfill these business needs, the management of the company contemplates to enhance/renew the borrowing limit to ₹ 150.00 Crore (Rupees One Hundred & Fifty Crore only) and raise additional loans/ borrowings from one or more Financial Institutions, Banks, NBFCs or other(s). Accordingly, it is proposed to enhance/renew the present limits of borrowings from ₹ 100.00 Crore (Rupees Hundred Crore only) to ₹ 150.00 Crore (Rupees One Hundred & Fifty Crore only) or the aggregate of the paid up share capital and free reserves of the Company as per the latest annual audited financial statements, whichever is higher.

Accordingly, Item No. 08 is put forth to obtain necessary approval of the members of the company in terms of the provisions of Section 180 (1)(c) of the Act.

None of the director or key managerial personnel of the Company or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 08 of the Notice.

The Board commends approval of the resolution set out in Item No. 08 of the Notice as a Special Resolution by the Members of the company.

**ITEM NO. 09:**

The Members of the Company at the 35<sup>th</sup> AGM held on 28<sup>th</sup> September, 2018, had accorded their consent to the Board of Directors for creation of charges/mortgages/hypothecations or otherwise in favour of Banks, Financial Institutions, NBFC or other entities.

In order to facilitate securing the borrowing made by the Company, it may be necessary to create charge/mortgages/hypothecations or otherwise on the assets or whole of the undertaking of the Company in favour of the lenders or others, as mentioned in the resolution at Item No. 09. Section 180(1)(a) of the Act, provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the general meeting.

Accordingly, Item No. 9 is proposed to obtain necessary approval of the Members of the Company in terms of the provisions of Section 180 (1)(a) of the Act, for creation of charges/mortgages/hypothecations or otherwise in favour of the lenders or others, for an amount not exceeding ₹ 150.00 crores (Rupees One Hundred and Fifty Crore) or the aggregate of the paid up share capital and free reserves of the Company as per the latest annual audited financial statements, whichever is higher.

None of the director or key managerial personnel of the Company or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 09 of the Notice.

The Board of Directors, therefore, recommends the Special Resolution at Item No. 09 of the Notice for approval by the Members of the Company.

**Brief Profile of the Directors seeking appointment/re-appointment in the 38<sup>th</sup> AGM in pursuance of Regulation 36 of the Listing Regulations read with SS-2:**

PARTICULARS	DETAILS OF THE DIRECTORS			
Name	Mr. Gursharan Singh	Mr. Anil Sharma	Mr. Dev Raj Arya	Mrs. Malini Bansal*
DIN	00057602	02146267	00057582	00167993
Age	59 Years	73 Years	70 Years	64 Years
Qualifications	-Diploma in Mechanical Engineering -PGDM in Export Management	-Engineering Graduate- BE (Electrical), -Post Graduate Diploma in Management	-Company Secretary -Cost Accountant -Masters in Economics -Bachelor of Law	- Certified Associate of the Indian Institute of Bankers -Masters & Bachelors in Education
Date of first appointment on the Board	23 <sup>rd</sup> August, 2002	30 <sup>th</sup> September, 2006	22 <sup>nd</sup> October, 2002	13 <sup>th</sup> August, 2021
Nature of Expertise in Specific Functional Area	More than 41 years of experience in the field of auto component manufacturing, administration and business development activities.	More than 40 years of experience with project development, implementation and follow-up in different industries particularly in Automotive Components and Tele communication sectors.	More than 43 Years of experience and specialized knowledge in the field of Finance, Accounts, Costing and Secretarial.	40 years of experience in the field of Banking, Finance and allied areas.
List of Directorships held in other Companies	-	-	-	-
Chairmanship/Membership of Committees of other public Companies	-	-	-	-
Listed entities from which the person has resigned in the past three years	-	-	-	-
Number of Shares held in the Company	3939079	21000	229145	-
Relationship between Directors inter-se	Husband of Mrs. Narinder Paul Kaur, Non- Executive Non- Independent Director of the Company	-	-	-
Last Salary Drawn (in ₹)	₹ 159.33 Lakh	₹ 18.00 Lakh	₹ 61.05 Lakh	-

\*Mrs. Bansal is an Independent Directors and receives Sitting Fee for attending the Board and respective Committee Meetings of the Company.

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

Date: 13<sup>th</sup> August, 2021

**Shagun Bajpai  
Company Secretary & Compliance Officer**

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

## BOARD REPORT

Dear Shareholders,

Your Directors are pleased to present the 38<sup>th</sup> Report of Board of Directors (“Board”) on the business and operations of RACL Geartech Limited (“Company”) together with its Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2021.

### FINANCIAL PERFORMANCE

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

(₹ in Lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Total Revenue	20772.99	21284.52
Total Expenses	17760.11	19093.70
Finance Costs	847.06	844.22
Depreciation & Amortisation	1641.94	1127.73
Profit before Tax	3012.89	2190.82
Tax Expenses:		
Current Tax	(838.59)	(558.10)
Deferred Tax	163.81	65.25
Total Comprehensive Income for the Period	2385.59	1636.27
Earnings Per Share (₹)		
1. Basic	22.13	15.33
2. Diluted	22.13	15.33

### STATE OF AFFAIRS AND OPERATIONAL HIGHLIGHTS

During the year under review, the total revenue of your Company for the year ended 31<sup>st</sup> March, 2021 stood at ₹ 20772.99 Lakh as compared to the revenue generation of ₹ 21284.52 Lakh in the previous year ended 31<sup>st</sup> March, 2020. The Total Comprehensive Income of the Company stood at ₹ 2385.59 Lakh, for the year ended 31<sup>st</sup> March, 2021 in comparison with ₹ 1636.27 Lakh in the previous year.

### TRANSFER TO RESERVES

During the financial year under review there was no transfer to General Reserve by the Company.

### SHARE CAPITAL

There was no change in the Company’s Share Capital during the year under review.

### DIVIDEND

The Board of Directors of the Company has declared and paid an Interim Dividend @ 10% i.e. Re. 1.00 per share to its Shareholders on 13<sup>th</sup> February, 2021. Considering the growing operations of the Company and expansion requirements, the Board of Directors considered to treat the said Interim Dividend paid by the Company as the Final Dividend for the financial year 2020-21.

## NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, 5 (five) meetings of the Board of Directors were held. For details of the meetings of the Board and Board Committees, please refer to the Corporate Governance Report, which forms part of this Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

In compliance with the requirements of the Companies Act, 2013 (“Act”) and SEBI (Listing obligations and disclosure requirement) Regulations, 2015 (“Listing Regulations”), the Company, as on date, has 9 (Nine) Directors on Board with an optimum mix of Executive, Non Executive and Independent Directors.

During the year under review, Mr. Raj Kumar Kapoor retired as the Non- Executive Independent Directors after the expiry of his second term on 29<sup>th</sup> September, 2020. Mr. Shashank Ramesh Anikhindi whose term expired, as an Independent Director on 28<sup>th</sup> September, 2020, was re-appointed as the Non- Executive Independent Director w.e.f. 29<sup>th</sup> September, 2020 for a second term.

The Company also appointed Brig. Harinder Pal Singh Bedi (Retd.) as an Additional Director on 29<sup>th</sup> June, 2020 who was confirmed as an Independent Director in the 37<sup>th</sup> Annual General Meeting (“AGM”) by the Members of the Company along with Mr. Jagdish Keswani, who was appointed by the Board of Directors, in its Meeting held on 11<sup>th</sup> November, 2019 in accordance with the provisions of the Act and Listing Regulations.

Further, Mrs. Malini Bansal was appointed on the Board as an Additional Director by the Board in its Meeting held on 13<sup>th</sup> August, 2021 whose appointment is required to be regularized in the ensuing AGM by the Shareholders, which is being put forth in the Notice of the AGM for their approval.

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

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

## DECLARATION BY INDEPENDENT DIRECTORS

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

## RELATION BETWEEN DIRECTORS INTERSE

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

## COMMITTEES OF THE BOARD OF DIRECTORS

Your Company has following Committees of Board of Directors:

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

The role and composition of these Committees, including the number of meetings held during the year under review and the related attendance, are provided under Corporate Governance Report which forms part of this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed and there are no material departures.
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2021 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2021.
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. they have prepared the annual accounts on a going concern basis.
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
- f. they have devised proper systems to ensure compliance the provisions of all applicable laws and that such systems were adequate and operating effectively.

## SUBSIDIARIES

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

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

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

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate accounts in respect of RACL Geartech GmbH, are available on the website of the Company.

## STATUTORY AUDITORS

Pursuant to section 139 of the Act and the Rules made thereunder, M/s. Gianender & Associates, Chartered Accounts (ICAI Firm Regn. No. 004661N) were appointed as the Statutory Auditors of the Company for a second term of 5 (five) years with effect from the conclusion of 37<sup>th</sup> AGM upto the conclusion of the 42<sup>nd</sup> AGM on 21<sup>st</sup> September, 2020.

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

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

## AUDITORS' REPORT

Audit Reports on Standalone Financial Statements and Consolidated Financial Statements are self-explanatory and do not call for any further comments under Section 134 of the Companies Act, 2013. The Auditors Report to the shareholders for the year under review does not contain any adverse qualification. No frauds have been reported by the Auditors under Section 143(12) of the Act requiring disclosure in the Board's Report.

## SECRETARIAL AUDITOR

As per section 204 and other applicable provisions of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company appointed K. K. Malhotra & Co., Company Secretaries, as Secretarial Auditor of the Company for the financial year 2020-21.

However, due to his sad demise on 26<sup>th</sup> April, 2021, during the Audit was in process, the Board of Directors, in its meeting held on 3<sup>rd</sup> May, 2021, appointed Rosy Jaiswal & Associates as the Secretarial Auditors of the Company to fill in the said casual vacancy.

The Secretarial Audit Report for the financial year 2020-21 is annexed as Annexure- A and the Report does not contain any qualification, reservation, adverse remark or disclaimer. However the Auditor made certain remarks, in respect of the Compliance under Regulation 31 (SAST) Regulations, 2011 wherein the Company informed the Exchange of the release of pledge of 8,70,000 shares of Mr. Gursharan Singh, after the Lockdown restrictions were lifted in the country. Further, it was observed by the Auditor that the BSE Surveillance Department had informed the Company in respect of the trading by the insiders of the Company. The Company accordingly, placed the same before the Board and Audit Committee, who took cognizance of the same and took appropriate actions in this case. As per Regulation 7(2) of PIT Regulations, the Company had reported the transactions within the time frame from the date of receipt of information from BSE.

Your directors are of the opinion that the aforesaid observations made by the Secretarial Auditor in their report annexed herewith, are self-explanatory and do not call for further explanation. The Company has taken due measures to keep a check on such matters.

## INTERNAL AUDITOR

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

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

## COST AUDIT AND MAINTENANCE OF COST RECORDS

Pursuant to Companies (Cost Records and Audit) Amendment Rules, 2014 the Company is not mandatorily required to get its Cost Records for the financial year 2020-21 audited in terms of provisions of Section 148 of the Act and maintenance of cost records as specified by the Central



Government under sub-section (1) of section 148 of the Act, was also not required to be maintained by the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## CORPORATE GOVERNANCE

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

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

## BOARD EVALUATION

In terms of the Act and the rules made thereunder and as per the applicable provisions of the Listing Regulations, the Board of Directors, on recommendation of the Nomination and Remuneration Committee have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the year ended 31st March, 2021. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

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

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of financial year i.e. 31<sup>st</sup> March, 2021 and the date of this report.

However, the Company had shut its plants and offices due to the Lockdown ordered by the Central Government amidst the Covid-19 pandemic during the year 2020-21. They were subsequently re-opened after the Lockdown lifted, under Government guidelines. The Company took all necessary measures to ensure safety of the employees and workers of the Company. All safety protocols of temperature screening, wearing of safety gears, social distancing, sanitizing and hand washing are being adhered to very stringently.

## RELATED PARTY TRANSACTIONS

All the related party transactions are entered on an arm's length basis and are in compliance with the applicable provisions of the Act and Listing Regulations. Pursuant to the provisions of section

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

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

## CORPORATE SOCIAL RESPONSIBILITY

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

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

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

## VIGIL MECHANISM

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

## CODE OF CONDUCT

The Company has in place a comprehensive Code of Conduct (“the Code”) applicable to Directors, Independent Directors and Senior Management Personnel. The Code gives guidance and support needed for ethical conduct of business and compliance of law. A copy of the Code is available on the Company’s website at [www.raclgeartech.com](http://www.raclgeartech.com). The Chairman & Managing Director of the Company has given a declaration that the member of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Board of directors and Senior Management in terms of Schedule V (D) of the Listing Regulations.

## EXTRACT OF ANNUAL RETURN

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

## PARTICULARS OF EMPLOYEES

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

## REMUNERATION POLICY

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

## RISK MANAGEMENT

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

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

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

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

Pursuant to regulation 34 read with Schedule V of Listing Regulations, required disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the Corporate Governance Report.

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

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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

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

## HEALTH, SAFETY AND ENVIRONMENT

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

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

## HUMAN RESOURCE AND INDUSTRIAL RELATIONS

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

## IMPACT OF COVID-19

Covid-19 consumed most of the financial year 2020-21 impacting businesses and lives of people. The disruptions caused by Covid, fortunately did not have any major impact on the business of the Company. However, your Company is cautiously looking forward to 2021-22 with hopes of putting up a better show in the post-COVID-19 world, although a lot will depend on how the economy grows. In order to overcome the unprecedented challenge, your Company adapted to the new normal to serve the customers while following the COVID-19 SOPs (Standard Operating Procedures).

### **The Company issued safety guidelines for its employees and workers.**

- All safety protocol related to COVID-19 as advised by the government are already implemented and being followed.
- Regular Disinfection of offices and shop floors is being carried out.
- Social distancing norms being strictly followed at factories and offices.

- Sanitization and thermal screening of employees, other entrants and sanitization of loading vehicles at the entry gate of factories.
- All working area is hygienic. Sanitizer & soaps in sufficient quantity at all common points.
- Virtual mode of Meetings

## GENERAL DISCLOSURES

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

1. Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
2. Company has not issued any shares with differential rights, sweat equity shares, ESOS etc. to employees of the Company or to others under any scheme.
3. Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.
4. There has been no change in the nature of business of the Company during the financial year 2020-21.
5. Unclaimed Shares: As on 31<sup>st</sup> March, 2021 the Company does not have any unclaimed shares.
6. The annual listing fee for the year under review has been paid to the stock exchange i.e. BSE Limited, where your Company's shares are listed.
7. During the year under review there was no fraud in the company which was reportable to the Central Government and there was no fraud reported by the Auditors to the company under sub-section (12) of section 143 or other applicable provisions of the Act.

## ACKNOWLEDGMENTS

Your Directors take this opportunity to thank the Customers, Financial Institutions, Banks, Central and State Government Authorities, Regulatory Authorities, Stock Exchanges and all the various stakeholders for their continued co-operation and support to the Company who all made our consistent growth possible.

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

Your Directors also wish to place on record their deep sense of gratitude for the committed services by the Company's executives, staff and workers even in the hardest times.

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

Place: Noida  
Date: 13<sup>th</sup> August, 2021

Gursharan Singh  
Chairman and Managing Director  
DIN: 00057602

## ANNEXURE- A TO THE BOARD REPORT

### FORM 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 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31<sup>st</sup> March, 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 RACL Geartech Limited for the period ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations 2015;
  - c. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ;

We are informed that during the year the Company was not required to comply with the following regulations and consequently not required to maintain any books, papers, minutes book or other records or file any forms / returns under:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. 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;
- c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

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

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

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

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

**We further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the applicable Act(s) or Regulation(s), if any.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the Provisions of the applicable act(s) and standard(s) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were Unanimous and no dissenting views has been recorded.

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

- a. During the year under review, there were changes in the composition of the Board of Directors on account of the appointment of Brig. Harinder Pal Singh Bedi (Retd.) (DIN: 05217488) as the Additional Non- Executive Independent Director of the Company w.e.f. 29.06.2020 whose appointment was regularized in the 37<sup>th</sup> Annual General Meeting (“AGM”) of the Company held on 21.09.2020 and retirement of Mr. Raj Kumar Kapoor, who completed his Second term in the Company as an Independent Director on 28.09.2020. During the Previous Year ended on 31.03.2020, BSE Ltd. had imposed a penalty on the Company under regulation 17(1) of SEBI (LODR) Regulation, 2015 and subsequently, the Company had pleaded for waiver of penalty. As on the date of Submission of this Report, BSE Ltd. has approved the Company’s request for waiver of the fine through the decision of “Committee for Reviewing Representations for Waiver of Fines Levied under Standard Operating Procedure (SOP)” and informed the Company through E-mail dated 10.05.2021.
- b. During the period under review, the Company submitted a disclosure with BSE Ltd. under Regulation 31 (SAST) Regulations, 2011 on 27.05.2020 for Release of Pledge of 8,70,000 shares of Mr. Gursharan Singh discharged as collaterals. The said shares were released by RBL Bank on 16.03.2020 and intimation was received by the Company on 20.03.2020. As confirmed by the management, the disclosure was submitted to BSE Ltd. after the Lockdown restrictions were lifted in the country.
- c. The Company was informed by the BSE Surveillance Department in respect of trading by insiders. In accordance with the Code of Conduct of the Company formulated under the SEBI Prohibition of Insider Trading Regulations, 2015 (“PIT Regulations”), no insider shall perform a contra trade within 6 months of the last trade and make necessary disclosures in respect of the trading made in excess of the threshold limit in one transaction or in one calendar quarter.

Accordingly, it was observed that persons belonging to the Promoter & Promoter Group violated the aforesaid provisions of the Code of Conduct and were served show cause notices by the Company to which they duly replied and stated that the said non-compliance was inadvertent and due to misinterpretation of law. The Board and the Audit Committee took cognizance of the matter and levied the penalties in accordance with the Code of Conduct and also issued Warning Letters to the concerned persons cautioning them to refrain from such activities in future and adhere to the provisions of Code of Conduct strictly.

As per Regulation 7(2) of PIT Regulations, the Company had reported the transactions within the time frame from the date of receipt of information from BSE.

**We further report that** that there are adequate systems and processes in the Company commensurate with the size and operation of the Company, to monitor report deviations to the Board, take corrective actions and ensure compliances with applicable laws, rules, regulations & guidelines.

Place: New Delhi  
Date: 31<sup>st</sup> May, 2021

For Rosy Jaiswal & Associates  
Company Secretaries

Rosy Jaiswal (Proprietor)  
ACS No. 28432, C.P No. 21968  
UDIN: A028432C000396547

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



## ANNEXURE- A

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

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

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

Place: New Delhi  
Date: 31<sup>st</sup> May, 2021

For Rosy Jaiswal & Associates  
Company Secretaries

Rosy Jaiswal (Proprietor)  
ACS No. 28432, C.P No. 21968  
UDIN: A028432C000396547

## ANNEUXRE- B TO THE BOARD REPORT

### FORM NO. AOG-2

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

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

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

The Company has not entered into any contract/arrangement/transaction with its related parties which are not in ordinary course of business, not at arm's length during the financial year ended 31<sup>st</sup> March, 2021. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 and the corresponding Rules.

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

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

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

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

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

Place: Noida  
Date: 13<sup>th</sup> August, 2021

## ANNEXURE- C TO THE BOARD REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

#### 1. Brief Outline of the Company’s CSR Policy of the Company.

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

#### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation	Position Held in CSR Committee	No. of Meetings of CSR Committee held during the year	No. of Meetings of CSR Committee attended during the year
1.	<sup>1</sup> Brig. Harinder Pal Singh Bedi (Retd.)	Independent Director	Chairperson	3	2
2.	Mrs. Narinder Paul Kaur	Non- Executive Non-Independent Director	Member	3	3
3.	Mr. Anil Sharma	Non- Executive Non-Independent Director	Member	3	3

<sup>1</sup> Brig. Bedi was inducted in the Committee on 31st July, 2020, after which he attended all the CSR Committee Meetings

- Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company - [www.raclgeartech.com](http://www.raclgeartech.com)
- Provide the 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 (attach the report) - NA.
- 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 - NA.
- Average net profit of the Company as per Section 135(5): ₹ 1477.58 Lakh
- Two percent of average net profit of the company as per section 135(5)- ₹ 29.55 Lakh
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years- ₹ 6.42 Lakh
  - Amount required to be set off for the financial year, if any
  - Total CSR obligation for the financial year (7a+7b-7c): ₹ 35.97 Lakh
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹. in Lakh)	Amount Unspent (in ₹)				
	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)		
	Amount	Date of transfer*	Name of the Fund	Amount	Date of transfer
32.99	2.98	-	-	-	-

\*The remaining amount was utilized for the ongoing projects before the due date of transfer of amount to Unspent CSR Account.

**b. Details of CSR amount spent against ongoing projects for the financial year:**

Sl. 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	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 No.
1.	Bright Tomorrow	Promoting Education	Yes	Uttar Pradesh	Noida	4 Years	20.17	17.90	2.27	Yes	NA	NA
2.	Computer Education	Promoting Education	Yes	Uttar Pradesh	Noida	4 Years	1.13	0.90	0.23	Yes	NA	NA
3.	Shining Stars	Employment enhancing vocation skills	Yes	Uttar Pradesh	Noida	4 Years	2.88	2.40	0.48	Yes	NA	NA

**c. Details of CSR amount spent against other than ongoing projects for the financial year**

Sl. 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 in the current financial Year (₹ In Lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1.	-	Covid Relief	Yes	Uttar Pradesh	Noida	1.48	Yes	-	-
2.	-	Medical Assistance	No	Haryana	Faridabad	0.92	Yes	-	-
3.	-	Sanitation	Yes	Uttar Pradesh	Gajraula	0.59	Yes	-	-
4.	-	Eradication of Hunger & Poverty	Yes	Uttar Pradesh	Noida	1.44	Yes	-	-
5.	-	Promoting Special Education	Yes	Uttar Pradesh	Noida	2.00	No	SETU	CSR00002605
6.	-	Promoting Education & Sanitation	No	Punjab	Mohali	5.36	No	Jyoti Sarup Kanya Asra Society	CSR00005877

- d. Amount spent in Administrative Overheads- NA
- e. Amount spent on Impact Assessment, if applicable - NA
- f. Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 32.99 Lakh
- g. Excess amount for set off, if any - NA

**9. a. Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding FY.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting FY (in ₹).	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. (in ₹.)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2019-20	NA	6.42 Lakh	NA	NA	NA	NA

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

Sl. No.	Project ID	Name of the Project	FY in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting FY	Cumulative amount spent at the end of reporting FY.	Status of the project- Completed /Ongoing
1.	-	Bright Tomorrow	2019-20	4 years	-	17.90	30.16	Ongoing
2.	-	Computer Education	2019-20	4 years	-	0.90	1.80	Ongoing
3.	-	Shining Stars	2019-20	4 years	-	2.40	5.28	Ongoing

Note: The allocation of amount for each project is done at the start of the financial year in accordance with the CSR Budget of the Company.

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:**

- a. Date of creation or acquisition of the capital asset(s) - 27.02.2021
- b. Amount of CSR spent for creation or acquisition of capital asset - NA
- c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - S.S. Vidyaniketan School
- d. Provide details of the capital asset (s) created or acquired (including complete address and location of the capital asset) - Computer Systems donated to S.S. Vidyaniketan School located at Nithari Village, Noida, Uttar Pradesh

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) - The unspent amount pertains to ongoing projects undertaken by the Company.**

Place: Noida  
Date: 13<sup>th</sup> August, 2021

Gursharan Singh  
Chairman & Managing Director  
DIN: 00057602

BRIG. H.P.S. BEDI (RETD.)  
Chairperson of CSR Committee  
DIN: 05217488

## ANNEXURE- D TO THE BOARD REPORT

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

### A. CONSERVATION OF ENERGY

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

- a. During the year, we have commissioned state of the art PLC controlled CETP & STP with On Line Monitoring of treated water. We have been successful in achieving 100% recycling of water. Not even one drop of Sewerage or Process water is being discharged outside the company.
- b. Sealed Quenched furnace has been upgraded with energy efficient Gas burners, thus saving Gas consumption of INR 40.00 Lakh per year
- c. We have worked on induction motor (centralized exhaust) to reduce energy consumption, its switching by time and saved over INR 3.00 Lakh per year.
- d. Leak free Compressed air distribution system has been installed, thereby saving over INR 5.00 Lakh per year.
- e. LED lighting system installed to reduce power consumption and saved ₹ 90,000.00 per year.
- f. Energy efficient transformer IS1180 LEVEL 2 (Minimal Losses) installed

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

We have constructed new Prefab building measuring 50000 Sq ft. covered area, which are capable to have Roof top Solar power generation. Company shall install Roof Top solar plants in near future.

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

- |                              |               |
|------------------------------|---------------|
| a. CETP & STP plant -        | ₹ 60,00,000/- |
| b. High Mast Lights -        | ₹ 6,30,000/-  |
| c. LED Lights in plants-     | ₹ 1,00,000/-  |
| d. Modification of furnace - | ₹ 60,00,000/- |
| e. Air distribution system - | ₹ 5,00,000/-  |

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

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

- a. Addition of Power Skiving technology for cutting of Gear teeth through skiving method having very high productivity & quality level. The process is capable for topological gear modifications. It shall enable the company to prepare for EV applications as well.
- b. Addition of High Speed Dry Hobbing machine with auto loaders & ring loaders. It has contributed for very high productivity, quality level with meeting environmental norms.
- c. Enhancement of capacity by addition of High-Speed Gear Grinding Machine with twin column design to save on Load/unload time. Machine has an additional feature of Superfinishing of Gear teeth after gear grinding, thus enabling to prepare for EV applications.
- d. Super cleaning machine with Vacuum & ultrasonic cleaning for contamination control of

- parts meeting the stringent requirement of Millipore/ particle count/particle norms as per VDA guidelines.
- e. Unmanned Preheating, pressing & assembly station with robotic automation for assembly of gear parts, thus eliminating human fatigue & employee safety.
  - f. CNC Gear tester with advanced features of gear testing and networking with customer remote location sites.
  - g. High speed portable CMM's for 100 % inspection of critical coordinates /Linear dimensions of parts.
- (ii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**
- a) Inhouse design, development & manufacture of fixturing solutions for Gear Hobbers with complete ring loader resting stations as well as grippers for various parts thus resulting in substantial saving of foreign exchange.
  - b. Continuous focus on implementation of Poka-Yoke solutions, thus reducing the rejection level, with product quality improvement.
- (iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**
- (a) The details of technology imported:
    - i) Power skiving machine from Gleason Switzerland.
    - ii) Twin column High speed Gear Grinding Machine – Kapp Niles – Germany
    - iii) Servo Press Module – Kistler Germany
    - iv) High speed CNC Gear shaping machine from CJMT China
    - v) CNC Chamfering Machine from Senjo Seiki – Japan.
    - vi) CNC Gear Tester from Klingelnberg –Germany
    - vii) High speed portable CMM – Renishaw – U.K.
  - (b) The year of import: 2020
  - (c) Whether the technology been fully absorbed: Yes
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA
- (iv) **The expenditure incurred on Research and Development. :- NA**

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Particulars	Amount (₹ In Lakh)
Foreign Exchange Earnings	14698.45
Foreign Exchange Outgo	3451.95

## ANNEXURE- E TO THE BOARD REPORT

### FORM No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2021

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

#### I. REGISTRATION AND OTHER DETAILS:

i)	<b>CIN</b>	:	L34300DL1983PLC016136
ii)	<b>Registration Date</b>	:	14-07-1983
iii)	<b>Name of the Company</b>	:	RACL Geartech Limited
iv)	<b>Category / Sub-Category of the Company</b>	:	Public Company Limited by Shares/ Indian Non-Government company
v)	<b>Address of the Registered office and contact details</b>	:	15 <sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi – 110 019, India Phone No.: +91-11-66155129 Fax No.: +91-120-4588513
vi)	<b>Whether listed company Yes / No</b>	:	Yes
vii)	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	:	MAS Services Limited T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area – II, New Delhi -110020 Phone: +91-11-26387281-83 Fax: +91-11-26387384

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

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

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

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

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



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (1 April 2020)			No. of Shares held at the end of the year (31 March 2021)			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
<b>(1) Indian</b>							
a) Individual/ HUF	4194128	0	4194128	4209933	0	4209933	39.05
b) Central Govt. or State Govt(s).	0	0	0	0	0	0	0.00
c) Bodies Corporate	37137	0	37137	39137	0	39137	0.36
d) Banks / FI	1503300	0	1503300	1503300	0	1503300	13.94
e) Any Other	0	0	0	0	0	0	0.00
<b>Sub Total (A) (1)</b>	<b>5734565</b>	<b>0</b>	<b>5734565</b>	<b>5752370</b>	<b>0</b>	<b>5752370</b>	<b>53.18</b>
<b>(2) Foreign</b>							
a) NRIs- Individuals	0	0	0	0	0	0	0.00
b) Other - Individuals	0	0	0	0	0	0	0.00
c) Bodies Corporate	0	0	0	0	0	0	0.00
d) Banks / FI	0	0	0	0	0	0	0.00
e) Any Other	0	0	0	0	0	0	0.00
<b>Sub Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A) (2)</b>	<b>5734565</b>	<b>0</b>	<b>5734565</b>	<b>5752370</b>	<b>0</b>	<b>5752370</b>	<b>53.35</b>
<b>B. Public Shareholding</b>							
<b>1. Institutions</b>							
a) Mutual Funds	0	0	0	0	0	0	0.00
b) Banks /FI	500	0	500	500	0	500	0.01
c) Central Govt. or State Govt(s).	0	0	0	0	0	0	0.00
d) Venture Capital Funds	0	0	0	0	0	0	0.00
e) Insurance Companies	0	0	0	0	0	0	0.00

Category of Shareholders	No. of Shares held at the beginning of the year (1 April 2020)				No. of Shares held at the end of the year (31 March 2021)				% Change during the year
	Physical		% of Total Shares		Physical		% of Total Shares		
	Demat	Total	Total	% of Total Shares	Demat	Total	Total	% of Total Shares	
f) Foreign Portfolio Investors	0	0	0	0.00	3348	0	3348	0.03	0.03
g) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
h) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (B) (1)</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>0.01</b>	<b>3848</b>	<b>0</b>	<b>3848</b>	<b>0.04</b>	<b>0.03</b>
<b>2. Non-institutions</b>									
a) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(i) Indian	287732	7601	295333	2.74	204913	7601	212514	1.97	-0.77
(ii) Overseas	870000	0	870000	8.07	784000	0	784000	7.27	-0.80
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(i) Individual shareholders holding nominal share capital upto ₹ 2 Lakhs	2439380	595790	3035170	28.15	2438670	582290	3020960	28.02	-0.13
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakhs	648232	4000	652232	6.05	701722	0	701722	6.51	0.46
c) Others (specify)									
(c-i) Public Trusts	300	0	300	0.00	0	0	0	0.00	0.00
(c-ii) NRI/OCB's	117056	21600	138656	1.29	266859	21500	288359	2.67	1.38
(c-iii) Clearing members	54844	0	54844	0.51	17827	0	17827	0.17	-0.34
<b>Sub Total (B) (2)</b>	<b>4417544</b>	<b>628991</b>	<b>5046535</b>	<b>46.81</b>	<b>4413991</b>	<b>611391</b>	<b>5025382</b>	<b>46.61</b>	<b>-0.20</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>4418044</b>	<b>628991</b>	<b>5047035</b>	<b>46.82</b>	<b>4417839</b>	<b>611391</b>	<b>5029230</b>	<b>46.65</b>	<b>-0.17</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total A+B+C</b>	<b>10152609</b>	<b>628991</b>	<b>10781600</b>	<b>100.00</b>	<b>10170209</b>	<b>611391</b>	<b>10781600</b>	<b>100.00</b>	<b>0.00</b>

### (ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1 April 2020)		Shareholding at the end of the year (As on 31 March 2021)		% of change in shareholding during the year
		No. of Shares	% of Total shares of the company	No. of Shares	% of Total shares of the company	
1	Gursharan Singh	3929097	36.44	3939079	36.54	0.10
2	The Pradeshiya Industrial and Investment Corporation of U.P. Ltd.	1503300	13.94	1503300	13.94	0.00
3	Dev Raj Arya	236273	2.19	229145	2.13	-0.06
4	Aadhar Infosystems Private Limited	37137	0.34	39137	0.36	0.02
5	Narinder Paul Kaur	21794	0.20	34107	0.32	0.12
6	Raj Arya	6964	0.06	7602	0.07	0.01
7	Prabh Mehar Singh	0	0.00	0	0.00	0.00
	<b>TOTAL</b>	<b>5251353</b>	<b>53.17</b>	<b>5752370</b>	<b>53.35</b>	<b>0.18</b>

### (iii) Change in Promoters' Shareholding

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1 April 2020)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2020 to 31 March 2021)	
		No. of Shares	% of Total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of Total Shares of the Company
1	<b>GURSHARAN SINGH</b>							
	At the beginning of the year	3929097	36.44	28/08/2020	5000	Market Purchase	3934097	36.48
	At the end of the year			04/09/2020	4982	Market Purchase	3939079	36.54
2	<b>NARINDER PAUL KAUR</b>							
	At the beginning of the year	21794	0.21	14/08/2020	990	Market Purchase	22784	0.21
	At the end of the year			21/08/2020	10323	Market Purchase	33107	0.31
	At the end of the year			11/09/2020	1000	Market Purchase	34107	0.32
	<b>At the end of the year</b>						<b>34107</b>	<b>0.32</b>

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1 April 2020)		Date-wise increase decrease during the year				Cumulative Shareholding during the year (1 April 2020 to 31 March 2021)	
		No. of Shares	% of Total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of Total Shares of the Company	
3	DEV RAJ ARYA At the beginning of the year	236273	2.19	09/09/2020	-592	Market Sale	235681	2.18	
				11/09/2020	-2000	Market Sale	233681	2.17	
				18/09/2020	-2000	Market Sale	231681	2.15	
				25/09/2020	-2000	Market Sale	229581	2.13	
				05/10/2020	-885	Market Sale	228796	2.12	
				22/12/2020	349	Market Purchase	229145	2.13	
							<b>229145</b>	<b>2.13</b>	
4.	RAJ ARYA At the beginning of the year	6964	0.06	05/06/2020	3269	Market Purchase	10233	0.09	
				14/08/2020	-1000	Market Sale	9233	0.09	
				21/08/2020	-2000	Market Sale	7233	0.06	
				28/08/2020	-6000	Market Sale	1233	0.01	
				18/12/2020	2070	Market Purchase	3303	0.03	
				31/12/2020	306	Market Purchase	3609	0.03	
				12/03/2021	2000	Market Purchase	5609	0.05	
		19/03/2021	1993	Market Purchase	7602	0.07			
					<b>7602</b>	<b>0.07</b>			
5.	PRABH MEHAR SINGH At the beginning of the year	0	0.00	11/09/2020	2500	Market Purchase	2500	0.02	
				04/12/2020	-2500	Market Sale	0		
							<b>0</b>	<b>0.00</b>	
6.	AADHAR INFOSYSTEMS PRIVATE LIMITED At the beginning of the year	37137	0.34	11/09/2020	2000	Market Purchase	39137	0.36	
							<b>39137</b>	<b>0.36</b>	

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

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2020)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2020 to 31 March 2021)		
		No. of Shares	% of total shares of the company	Date	Increase/decrease during the year	Reason	No. of Shares	% of total shares of the company	
1.	MIDDLEWARE DEVELOPMENT LIMITED								
		At the beginning of the year	870000	8.07	10/07/2020	-10000	Sale	860000	7.98
					21/08/2020	-3000	Sale	857000	7.95
					28/08/2020	-7000	Sale	850000	7.88
					04/12/2020	-10000	Sale	840000	7.79
					11/12/2020	-589	Sale	839411	7.79
					18/12/2020	-8600	Sale	830811	7.71
					31/12/2020	-10811	Sale	820000	7.61
	At the end of the year			08/01/2021	-36000	Sale	784000	7.27	
2.	RAJ KUMAR LOHIA						784000	7.27	
		At the beginning of the year	161529	1.50	08/01/2021	-3931	Sale	157598	1.46
					12/02/2021	-5281	Sale	152317	1.41
					19/02/2021	-4900	Sale	147417	1.37
					26/03/2021	-1500	Sale	145917	1.35
3.	SATYA PRAKASH MITTAL						145917	1.35	
		At the beginning of the year	111127	1.03	20/11/2020	37	Purchase	111164	1.03
					04/12/2020	161	Purchase	111325	1.03
					08/01/2021	50	Purchase	111375	1.03
4.	DEBASHISH NEOGI						111375	1.03	
		At the beginning of the year	0	0.00	30/06/2020	18000	Purchase	18000	0.17
					03/07/2020	10000	Purchase	28000	0.26

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2020)		Date-wise increase decrease during the year				Cumulative Shareholding during the year (1 April 2020 to 31 March 2021)	
		No. of Shares	% of total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of total shares of the company	
				07/08/2020	5000	Purchase	33000	0.31	
				18/09/2020	9000	Purchase	42000	0.39	
				16/10/2020	10000	Purchase	52000	0.48	
				13/11/2020	10000	Purchase	62000	0.58	
				20/11/2020	10000	Purchase	72000	0.67	
				04/12/2020	6675	Purchase	78675	0.73	
				25/12/2020	5800	Purchase	84475	0.78	
				31/12/2020	14849	Purchase	99324	0.92	
				08/01/2021	6000	Purchase	105324	0.98	
				22/01/2021	3000	Purchase	108324	1.00	
				19/02/2021	3000	Purchase	111324	1.03	
	<b>At the end of the year</b>						<b>111324</b>	<b>1.03</b>	
5.	<b>ASHVINDER CHOWDHARY</b>								
	<b>At the beginning of the year</b>	<b>47649</b>	<b>0.44</b>	10/04/2020	1000	Purchase	48649	0.45	
				17/04/2020	4000	Purchase	52649	0.49	
				24/04/2020	5920	Purchase	58569	0.54	
				01/05/2020	1431	Purchase	60000	0.56	
				22/05/2020	2199	Purchase	62199	0.58	
				12/06/2020	5510	Purchase	67709	0.63	
				19/06/2020	2000	Purchase	69709	0.65	
	<b>At the end of the year</b>						<b>69709</b>	<b>0.65</b>	
6.	<b>OPENXCELL TECHNOLOGIES PVT LTD</b>								
	<b>At the beginning of the year</b>	<b>88788</b>	<b>0.82</b>	10/04/2020	-22386	Sale	66402	0.62	
	<b>At the end of the year</b>						<b>66402</b>	<b>0.62</b>	

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1 April 2020)		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2020 to 31 March 2021)	
		No. of Shares	% of total shares of the company	Date	Increase/ decrease during the year	Reason	No. of Shares	% of total shares of the company
7.	VIVOG COMMERCIAL LIMITED At the beginning of the year	29292	0.27	08/01/2021	10588	Purchase	39886	0.37
				15/01/2021	1607	Purchase	41493	0.38
				22/01/2021	2014	Purchase	43507	0.40
				19/03/2021	15324	Purchase	58831	0.55
							<b>58831</b>	<b>0.37</b>
8.	KRISHNAMURTHY NARAYANAN IYER At the beginning of the year	0	0.00	22/05/2020	5000	Purchase	5000	0.05
				29/05/2020	6000	Purchase	11000	0.10
				19/06/2020	5000	Purchase	16000	0.15
				26/06/2020	7098	Purchase	23098	0.21
				30/06/2020	-17098	Purchase	6000	0.06
				14/08/2020	1200	Purchase	7200	0.07
				21/08/2020	19800	Purchase	27000	0.25
				04/09/2020	1000	Purchase	28000	0.26
				30/09/2020	6000	Purchase	34000	0.32
				06/11/2020	3000	Purchase	37000	0.34
9.	ANSHUL SHARMA At the beginning of the year			04/12/2020	5000	Purchase	42000	0.39
				05/02/2021	2300	Purchase	44300	0.41
				12/02/2021	10000	Purchase	54300	0.50
							<b>54300</b>	<b>0.50</b>
10.	UDAY VASANTLAL MERCHANT At the beginning of the year	33604	0.31	04/09/2020	15000	Purchase	48604	0.45
							<b>48604</b>	<b>0.45</b>
		40000	0.37	-	-	-	40000	0.37
						<b>40000</b>	<b>0.37</b>	

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date-wise increase decrease during the year			Cumulative Shareholding during the year (1 April 2020 to 31 March 2021)	
		No. of Shares	% of total shares of the company	Date	Increase/decrease during the year	Reason	No. of Shares	% of total shares of the company
1.	<b>Mr. Gursharan Singh</b> At the beginning of the year	3929097	36.44	28/08/2020	5000	Market Purchase	3934097	36.49
				04/09/2020	4982	Market Purchase	3939079	36.54
							3939079	36.54
2.	<b>Mr. Dev Raj Arya</b> At the beginning of the year	236273	2.19	09/09/2020	-592	Market Sale	235681	2.18
				11/09/2020	-2000	Market Sale	233681	2.17
				18/09/2020	-2000	Market Sale	231681	2.15
				25/09/2020	-2000	Market Sale	229581	2.13
				05/10/2020	-885	Market Sale	228796	2.12
				22/12/2020	349	Market Purchase	229145	2.13
3.	<b>Mrs. Narinder Paul Kaur</b> At the beginning of the year	21794	0.20	14/08/2020	990	Market Purchase	22784	0.21
				21/08/2020	10323	Market Purchase	33107	0.31
				11/09/2020	1000	Market Purchase	34107	0.32
4.	<b>Mr. Anil Sharma</b> At the beginning of the year	15000	0.15	18/03/2021	3000	Off Market Transfer	18000	0.14
5.	<b>Mr. Rakesh Kapoor</b> At the beginning of the year	500	0.00	-	-	-		
							500	0.00

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



## V. INDEBTEDNESS

### INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT AS ON 31<sup>ST</sup> MARCH, 2021

(₹ in Lakhs)

PARTICULARS	SECURED LOAN	UNSECURED LOAN	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the year				
i) PRINCIPAL AMOUNT	3,689.15	778.17	-	4,467.32
ii) INTEREST DUE BUT NOT PAID				
iii) INTEREST ACCRUED BUT NOT DUE	10.22	4.25		14.47
<b>TOTAL (I+II+III)</b>	<b>3,699.37</b>	<b>782.42</b>	<b>-</b>	<b>4,481.79</b>
Change in indebtedness during the financial year				
ADDITIONS	3,601.70	793.26		4,394.96
REDUCTION	1,490.70	202.34		1,693.04
<b>NET CHANGE</b>	<b>2,111.00</b>	<b>590.92</b>		<b>2,701.92</b>
Indebtedness at the end of the year				
i) PRINCIPAL AMOUNT (AT THE END OF THE YEAR)	5,800.15	1,369.09		7,169.24
ii) INTEREST DUE BUT NOT PAID				
iii) INTEREST ACCRUED BUT NOT DUE	0.34	7.30		7.64
<b>TOTAL (I+II+III)</b>	<b>5,800.49</b>	<b>1,376.39</b>	<b>-</b>	<b>7,176.88</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL PAID DURING THE FY 2020-21:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Mr. Gursharan Singh Chairman & Managing Director	Mr. Dev Raj Arya Whole-Time Director & CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	96.50	56.93	153.43
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	-LTA	6.46	3.91	10.37
	-Other Perks	6.30	-	6.30
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission -as% of profit -others	49.86	-	49.86
5	Others- Provident Fund	0.21	0.21	0.42
	<b>Total A</b>	<b>159.33</b>	<b>61.05</b>	<b>220.38</b>
	Limit as per Section 197 of the Companies Act, 2013			<b>233.81</b>

## B. Remuneration to other Directors

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of the Directors					Total
		Mr. Raj Kumar Kapoor	Mr. Rakesh Kapoor	Mr. Shashank Ramesh Anikhindi	Mr. Jagdish Keswani	Brig. Harinder Pal Singh Bedi	
I	Independent Directors						
	Fee for attending Board/ Committee meetings	0.80	2.95	2.20	2.00	1.05	9.00
	Commission	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	<b>Total (I)</b>	<b>0.80</b>	<b>2.95</b>	<b>2.20</b>	<b>2.00</b>	<b>1.05</b>	<b>9.00</b>
II	Other Non Executives Directors	Mrs. Narinder Paul Kaur		Mr. Anil Sharma		Total	
	Fee for attending Board/ Committee meetings	1.25		1.65		2.90	
	Commission	-		-		-	
	Others	18.00		18.00		36.00	
	<b>Total (II)</b>	<b>19.25</b>		<b>19.65</b>		<b>47.90</b>	
	<b>Total Managerial Remuneration (A+B)</b>						<b>268.28</b>

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

(₹ in Lakhs)

S. No.	Particulars of Remuneration		
		Ms. Shagun Bajpai Company Secretary	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.36	7.36
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	-LTA	-	-
	-Other Perks & Incentives	0.34	0.34
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission -as% of profit -others, specify.	-	-
5	Others- Provident Fund	0.21	0.21
	<b>Total A</b>	<b>7.91</b>	<b>7.91</b>

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fee Imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY Penalty Punishment Compounding			NIL		
B. DIRECTORS Penalty Punishment Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			NIL		

## ANNEXURE- F TO THE DIRECTORS' REPORT

### PARTICULARS OF EMPLOYEES

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

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year ended 31<sup>st</sup> March, 2021:

Sl. No.	Name of the Directors	Designation	Remuneration Paid during year ended 31 <sup>st</sup> March, 2021 (₹ In Lakhs)	Ratio	% increase in remuneration for the financial year ended 31 <sup>st</sup> March, 2021
1	Mr. Gursharan Singh	Chairman & Managing Director	15933000	50.34	N.A.
2	Mr. Dev Raj Arya	Whole-time Director & CFO	6105000	19.29	N.A.
3	Mrs. Narinder Paul Kaur	Non- executive Non-Independent Director	1925000	6.08	N.A.
4	Mr. Anil Sharma	Non- executive Non-Independent Director	1965000	6.20	N.A.
5	<sup>1</sup> Mr. Raj Kumar Kapoor	Independent Director	80000	0.25	N.A.
6	Mr. Rakesh Kapoor	Independent Director	295000	0.93	N.A.
7	Mr. Shashank Ramesh Anikhindi	Independent Director	220000	0.70	N.A.
8	Mr. Jagdish Keswani	Independent Director	200000	0.63	N.A.
9	<sup>2</sup> Brig. Harinder Pal Singh Bedi (Retd.)	Independent Director	105000	0.33	N.A.
10	Ms. Shagun Bajpai	Company Secretary	791000	2.5	N.A.

<sup>1</sup>Mr. Raj Kumar Kapoor retired w.e.f. 29th September, 2020.

<sup>2</sup>Brig. HPS Bedi was appointed on Board w.e.f. 29th June, 2020

2. The percentage change in the median remuneration of the employees during the year ended 31<sup>st</sup> March, 2021:

The percentage increase in the median remuneration of the employees noted on 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2021 respectively is -1.39%.

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

The total number of permanent employees on pay rolls of the Company as on 31<sup>st</sup> March, 2021 is 473.

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

The average percentile increase in the salaries during the year ended 31<sup>st</sup> March, 2021:

Managerial Personnel: 0.00%

Employees other than Managerial Personnel: 0.00%

The remuneration to Managerial Personnel is as approved by the shareholders and Board under the provisions of the Companies Act, 2013. There has been no increment in the remunerations of employees during the year on account of Covid crisis. However, the Company provided a one-time incentive of 8% of semi-annual gross salary to the employees of the Company excluding the Executive Directors.

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

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

For RACL Geartech Limited

Place: Noida  
Date: 13<sup>th</sup> August, 2021

Gursharan Singh  
Chairman and Managing Director  
DIN: 00057602

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

A. Names of Top Ten Employees in terms of Remuneration as on 31st March, 2021:

S. No	Name of Employees	Designation	Remuneration (₹ in Lakhs)	Nature of employment (Contractual or otherwise)	Qualification	Experience (Yrs.)	Date of Commencement of employment	Age (Yrs.)	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1.	Gursharan Singh	Chairman & Managing Director	15933000	Permanent	Diploma in Mechanical Engineering, PGDM Export Management	41	05.10.1987	58	Escort Tractors Ltd. (Ford)	36.54%	Yes
2.	Dev Raj Arya	Whole-time Director & CFO	6105000	Permanent	LL.B, Company Secretary, M.A. in Economics, Cost Accountant	46	18.08.1997	70	Vishal Lakto (I) Ltd.	2.13%	Yes
3.	Rajiv Kumar Goel	Vice President	3100160	Permanent	B. Tech (Mechanical)	30	01.10.1990	53	NA	0.18%	No
4.	Deepak Saxena	Associate Vice President	2435080	Permanent	Bachelors of Engineering	32	01.09.1995	55	Clutch Auto Ltd.	0.04%	No
5.	Yogesh Baweja	Associate Vice President	2257600	Permanent	M.B.A. (Operations Research), B.E. (Mechanical), Diploma in Tool & Die Making and Certificate Course Import & Export Management	30	01.04.2013	53	Samtel Group	0.00%	No

S. No	Name of Employees	Designation	Remuneration (₹ in Lakhs)	Nature of employment (Contractual or otherwise)	Qualification	Experience (Yrs.)	Date of Commencement of employment	Age (Yrs.)	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
6.	Girish Kapoor	General Manager	2114600	Permanent	Diploma in Mechanical Engineering	30	01.06.1990	55	Tirupati Udyog Ltd.	0.06%	No
7.	Hemant Kumar	General Manager	2048600	Permanent	AME, Mechanical Engineering, Diploma in Mechanical Engineering	30	18.08.2008	52	Lumax Industries	0.00%	No
8.	Naveen Chandra Agarwal	General Manager	1775600	Permanent	B. Tech (Production)	30	09.08.1991	54	Vxl India Ltd., Faridabad	0.09%	No
9.	Prabh Mehar Singh	Vice President	1565600	Permanent	Master in Management (Finance)	9	15.02.2016	29	KPMG India	0.00%	Yes
10.	Anil Kumar Saini	Assistant General Manager	1537600	Permanent	ITI Draughtsman, Mechanical	40	28.04.1992	46	Km Enterprises Delhi	0.00%	No

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

₹ in Lakh

S. No	Name of Employees	Designation	Remuneration (₹ in Lakhs)	Nature of employment (Contractual or otherwise)	Qualification	Experience (Yrs.)	Date of commencement of employment	Age (Yrs.)	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1.	Gursharan Singh	Chairman & Managing Director	15933000	Permanent	Diploma in Mechanical Engineering, PGDM Export Management	40	05.10.1987	58	Escort Tractors Ltd. (Ford)	36.54%	Yes

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

₹ in Lakh

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

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

₹ in Lakh

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



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Over 30 years of rich experience in delivering Transmission Gears and Shafts, Sub-assemblies, Precision Machined Parts and Industrial Components of international standards, has enabled RACL Geartech Limited as one of the most renowned companies in the field today. It has fully integrated manufacturing capabilities under one roof and is able to provide end to end gearing solutions to customers. The Company has been successfully catering to various clients across diverse segments that include Motorcycles and Scooters, Three & Four Wheeler Passenger Vehicles, Alternative Fuel Hybrid & Electric Cars, Medium & Heavy Commercial Vehicles, Tractors and Agricultural Machinery, Off Road Vehicles, Light Cargo Vehicles, Recreational Vehicles like sea scooters & snow mobiles to name a few. The Company has made a name in the international market by exporting over 70% of its products across developed economies mostly in and around Europe and Asia and the USA.

RACL's longstanding investment in building peoples' skills, capabilities and technological advancement is essential to maintain leadership position in a competitive market. The Company provides concurrent engineering solutions to provide end to end solutions to its customers and inherently focus on:

- Customer Satisfaction
- Technological advancement
- Efficiency improvement
- Utilization improvement
- Reducing wastages
- Providing value for money to its clients

### ECONOMIC OVERVIEW

With an estimated annual contraction of 8% in GDP, 2020-21 has been the worst year in terms of economic performance in India since 1950-51. While the Indian economy was losing growth momentum for several years before the pandemic, the exceptionally bad growth performance in 2020-21 is largely on account of the 68-day long hard lockdown which was imposed countrywide to prevent the spread of Covid-19 infections, and continuing restrictions on economic and recreational activities for the rest of the year. However, the economy has been recovering with the easing of restrictions. India's GDP re-entered growth territory in the quarter ending December 2020. FY 2021-22, unfortunately, had again started with difficulty, wherein, the country had to cope with a much stronger impact of second wave of COVID 19 infections. It is a matter of great relief that the worst of pandemic is already over & its is expected that Indian economy will be on the growth trajectory sooner than expected.

On the International front, Global economy is set to expand over 5 percent in 2021, which is the strongest projected growth post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies. In many emerging market and developing economies (EMDEs), obstacles to vaccination continue to weigh on activity. By 2022, last year's per capita income losses will not be fully unwound in about two-thirds of EMDEs. The global outlook remains subject to significant downside risks, including the possibility of additional COVID-19 waves and financial stress amid high EMDE debt levels. Policy makers will need to balance the need to support the recovery while safeguarding price stability and fiscal sustainability and to continue efforts toward promoting growth-enhancing reforms.

## INDIAN ECONOMY

The production and demand of the auto component industry is directly proportional to that of the automobiles industry. Historically, the automobile OEMs were concentrated in the developed nations and so did the ancillaries and the Asian countries were key manufacturers and suppliers of auto components mainly from China. However, after Covid, the trend has seen a major shift and India emerged as new avenue for the OEMs to source their supplies, especially the precision components, due to the presence of higher market potential and low-cost manufacturing.

Indian auto component industry, being a critical part of the global value chain, has grown at a healthy pace over the past few years. The organised segment of this industry includes OEMs who are engaged in the manufacture of high-value precision components ND aggregates, while the unorganized segment comprises of low-valued products catering largely to after-market services. The industry is highly fragmented with most firms being Indian businesses and relatively lower number of foreign firms and JVs operating in the segment. However, one of the main challenges faced by the indigenous component manufacturers is the low-level of technology adaptation and R&D intensity. The various sub-sectors of the auto component industry in India are engine parts, electrical parts, drive transmission and steering parts, suspension and braking parts, equipment, etc.

Auto components industry's revenue is set to recover by over 20% in fiscal 2022 backed by improved demand sentiments. Domestic auto-component production revenue which declined by 7-9% in fiscal 2021 is poised for aforesaid recovery from Q2 FY21 onwards. Resultantly, better than anticipated revival is expected to cushion the steep decline in revenues in fiscal 2021. Moreover, higher component intensity due to the BS-VI norm is expected to aid average realizations.

On the demand side, domestic demand was impacted during H1 FY 2021 (with tractors being an exception since it was exempted from lockdown) owing to spread of COVID-19, income uncertainty and increase in cost of acquisition on the back of BS VI transition. However, demand from other segments showcased signs of revival since September 2020 with the recovery in economy. On the export front, there were green shoots visible in demand from September 2020 onwards. While exports plunged by 36% on-year during April-August 2020, the pace of decline slowed down to 14% during 9 months ended December 2020. The recovery was led by an increase in demand from European and North American markets. Going ahead, demand from Europe remains a key monitorable owing to re-imposition of lockdown in the wake of second and third wave of COVID-19.

Weak domestic demand and a drop in demand from export destinations is likely to hit auto-component manufacturers for the second consecutive year. Replacement demand is expected to fall for the first time in over a decade in fiscal 2021. This can be attributed to lower movement of vehicles in the initial few months of the fiscal.

According to ACMA, the turnover of the auto components industry fell by 34% YoY to Rs 1.19 lakh crore (USD 15.9 bn) during H1-FY21. The 2nd half of FY21 was expected to see a strong recovery. CARE Ratings expects the industry to decline by 10 to 12% YoY in FY21. However, FY22 is expected to witness a positive growth of 18 to 20%, after two consecutive fiscals of de-growth.

## PERFORMANCE OVERVIEW

The Company is a leading automotive component manufacturing company in India with significant presence in the international market mainly through export. It has geographical spread providing support to some of the World's Biggest Original Equipment Manufacturers (OEMs) and Tier1 customers across Europe, Asia and North America. For FY21, the Company's revenue was pegged at INR 20772.99 Lakh and Profit improved to INR 2385.59 Lakh even as the Auto industry production fell by 13%. The

growth was achieved on account of better resource management, manpower optimization, interest cost savings and improved productivity.

We have created a niche market for ourselves to cater to client who need quality products at value based pricing and on time performance. Given the fact that the Gear market is an extremely competitive one, RACL has been able to create a unique product portfolio for the market. We are further working on upgrading our capabilities in terms of quality, technology and skill set of the people to prepare for the catering to the requirement of Gears for E- Mobility Solutions.

## EXPORT

In line with the economic trend seen in last year, Export sales of the Company rose to 72.65% of the total sales this year amounting to INR 14795 Lakh. The global markets are under growth trajectory & there is ample scope and opportunities for RACL to grow our exports aggressively.

## OPPORTUNITIES

AGrowing working class and expanding middle class population are expected to remain key demand drivers for the automobile industry. India is emerging as the global hub for auto component sourcing which likely to result into higher exports in the coming years. Globalizing world is opening newer opportunities for the transportation industry, especially while it makes a shift towards Electric, Alternate fuels and hybrid cars. Increased customer expectation towards more efficient, safe, comfort and reliable mode of transportation shall open many avenues. It will lead to newer verticals and newer vista of opportunities for auto-component manufacturers, who would need to adapt change via systematic R&D.

Apart from that, recent announcement by Govt of India for an incentive-based vehicle scrappage policy, though voluntary, is expected to lead to a rise in automobile sales in the country, which has a direct benefit for the auto components industry.

RACL is gearing up fully to get ready for the future & we are diversifying into the Chassis component and providing drive train solutions to the EVs. We have already invested capital expenditure for new projects and futuristic technologies to enter into the Premium Passenger Car segment through one of the largest players in the market.

## THREATS, RISKS AND CONCERNS

Even before, COVID pandemic struck the world, the automotive industry was experiencing a stagnancy in demand with downwards trends. In FY20, Indian component industry declined by 12% from USD 57 billion in 2018-19 to USD 50 billion. ACMA estimated one million job losses and cut on a billion-dollar investment. In the last two years, the auto component industry declined over 30% and the capacity utilization remained at 60%. However, in fiscal 2019-2020, the auto component maker fared better on the strength of robust demand from the tractor industry and good business from exports and aftermarket. The situation looks much more complex in a post-second wave as this has impacted the rural markets, unlike in the first wave.

The challenge now will be aggravated on two counts: one, demand recovery may not be as quick as in the previous year as the impact has been widespread, and two, the supply side constraints become more complex because of the regional lockdowns. The migration of the workforce also will continue to mar the sector. Further, based on the current and future market environment estimates, the base cost of materials is expected to surge beyond norms. GDP witnessed a contraction, which may adversely impact Govt. spends & may keep the economy in stress mode. Moreover, the threat of Covid-19 is continuing with on & off lockdowns, not only in India but globally, resulting in economic slowdown and uncertainties.

## RISK MITIGATION

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

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

Risks are identified & assessed across all key business functions in an all-inclusive manner.

## INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES (HR)

The Company recognizes the importance of leadership, technical, and behavioral development of employees across the organization. The HR policy of the Company ensures creation of a safe and conducive environment wherein employees can deliver their best outcomes. The Company conducts continuous improvement and training programs to hone the skills and capabilities of employees and keep up their morale.

FY21 has been a challenging year for businesses and people across the globe. It was a year of unprecedented times and thus called for unprecedented actions. As we were combating the global pandemic, the safety and health of the employees were of utmost priority while keeping the business afloat. In this new normal, the Human Resource function has demonstrated agility by ensuring new systems and processes to cater to the needs of changing times. Different SOPs related to safety were formalized to ease the operations of the business and people. Staying connected with employees, leadership connect and employee motivation were the key focus areas.

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

The Company currently has adequate man power and personnel to conduct the business without any complication or hindrances. The overall human and industrial relations have remained peaceful and composed during the period under review. As on 31<sup>st</sup> March, 2021, the total number of employees on the Company's payroll stood at 473.

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

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

Sl. No.	Particulars	Unit of Measurement	2020-21	2019-20
1.	Debtors Turnover Ratio	Days	98	90
2.	Inventory Turnover Ratio	Days	75	67
3.	Interest Coverage Ratio	Ratio	7.67	5.73
4.	Current Ratio	Ratio	1.25	1.26
5.	Debt Equity Ratio	Ratio	0.98	1.02
6.	Operating Profit Margin i.e. EBITDA	%	26.49	19.55
7.	Net Profit Margin	%	11.49	7.69
8.	Return on Net worth	%	22.19	19.21

## DISCLOSURE OF ACCOUNTING TREATMENT

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

## CAUTIONARY STATEMENT

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

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

## REPORT ON CORPORATE GOVERNANCE

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

### COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting ‘best practices’ that are followed in the area of Corporate Governance across various geographies. Corporate governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. It is about commitment to values and about ethical business conduct. This includes its corporate structure, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial performance, ownership and material developments in respect of the Company is an integral part of Corporate Governance.

Your Company has been practicing the principles of good Corporate Governance over the years and has been upholding fair and ethical business and corporate practices and transparency in its dealings, laying emphasis on scrupulous regulatory compliances. The Company’s philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance even before the same was mandatorily applicable to the Company. Transparency, integrity, professionalism and accountability - based values form the basis of the Company’s philosophy for Corporate Governance. Your company is in compliance with the requirements stipulated under various applicable provisions of the Listing Regulations.

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

## II. BOARD OF DIRECTORS

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

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

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

As on the date of this Report, the Board consists of 9 (nine) Directors comprising of 2 (two) Promoters & Executive Directors, 2 (two) Non- Executive and Non- Independent Directors and 5 (five) Independent Directors. Amongst all the Directors, 2 (two) are Women.

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

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

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

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

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

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

Name of Directors	DIN	Designation	Category	No. of Equity Shares held in the Company
Mr. Gursharan Singh	00057602	Chairman & Managing Director	Promoter Executive Director	3939079
Mr. Dev Raj Arya	00057582	Director & CFO	Executive Director	229145
Mrs. Narinder Paul Kaur	02435942	Director	Non- Executive Non- Independent Director	34107
Mr. Anil Sharma	00157911	Director	Non- Executive Non- Independent Director	21000
Mr. Raj Kumar Kapoor	00110338	Director	Non- Executive Independent Director	-
Mr. Rakesh Kapoor	00015358	Director	Non- Executive Independent Director	500
Mr. Shashank Ramesh Anikhindi	07787889	Director	Non- Executive Independent Director	-
Mr. Jagdish Keswani	02146267	Director	Non- Executive Independent Director	-
Brig. Harinder Pal Singh Bedi (Retd.)	05217488	Director	Non- Executive Independent Director	-
<sup>1</sup> Mrs. Malini Bansal	00167993	Additional Director	Non- Executive Independent Director	-

<sup>1</sup> Mrs. Malini Bansal was appointed as an Additional Director w.e.f. 13<sup>th</sup> August, 2021

## **B. Board Procedures & Meetings**

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

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

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

During the period under review (1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021), the following 5 (five) meetings of the Board of Directors were held on:

- I. 25<sup>th</sup> May, 2020;
- II. 29<sup>th</sup> June, 2020
- III. 31<sup>st</sup> July, 2020
- IV. 2<sup>nd</sup> November, 2020; and
- V. 13<sup>th</sup> February, 2021

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

Ms. Shagun Bajpai, Company Secretary & Compliance Officer of the Company attended all the meetings of the Board and its Committees and is, inter alia, responsible for recording the minutes of the meetings of the Board and its Committees.

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

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

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

Relevant details for the financial year 2020-21, in accordance with the requirements of the Listing Regulations are given below:



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

<sup>1</sup> Retired as Independent Director w.e.f. 29<sup>th</sup> September, 2020.

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

<sup>3</sup> Appointed as Additional Independent Director w.e.f. 13<sup>th</sup> August, 2021

Notes:

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

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

#### D. Meeting of Independent Directors

In compliance with the provisions of section 149 read with Schedule IV of the Act and Regulation 25 of the Listing Regulations, the Independent Directors meet without the presence of Non-Independent Directors. This meeting enables Independent Directors to interact and discuss matters including review of the performance of the Non-Independent Directors and the Board as a whole, review of the performance of the Chairman of the Company, taking into account views of Executive/ Non-Executive Directors and assessing the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Independent Directors met on 13<sup>th</sup> February, 2021 during the financial year 2020-21.

## E. Familiarization Programme

The Company organizes Familiarisation Programmes for the Independent Directors to provide them an opportunity to familiarize with the Company, its Management and its operations and to apprise them of their roles, rights and responsibilities and contribute significantly towards the growth of the Company.

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

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

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

## G. Compliance reports of all laws applicable to the Company

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

## H. Declaration

The Chairman & Managing Director, Mr. Gursharan Singh has made a declaration that members of the Board and Senior Management Executives have affirmed compliance with the Companies 'Code of Conduct for Directors and Senior Management Personnel' for the financial year ended 31<sup>st</sup> March, 2021.

## I. Code of Conduct and Ethics

In accordance with Regulation 17(5) of Listing Regulations, the Company's Board of Directors have laid down a 'Code of Conduct for Directors and Senior Management Personnel' of the Company. Duties of independent directors as laid down in the Companies Act, 2013 have been incorporated in the code. The Code is posted on the Company's website at [www.raclgeartech.com](http://www.raclgeartech.com). The purpose of this 'Code of Conduct' is to promote conduct of business ethically in an efficient and transparent manner and to meet its obligations to shareholders and all other stakeholders. Your Company understands reputation and integrity can only be built by continuously reinforcing ethical rules and procedures. The development of the integrity culture is a key priority for the Company.

## III. BOARD COMMITTEES

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

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



## 1. AUDIT COMMITTEE

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

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

### Composition, Meeting and Attendance

During the financial year under review, 5 (five) Audit Committee meetings were held on 25<sup>th</sup> May, 2020, 29<sup>th</sup> June, 2020, 31<sup>st</sup> July, 2020, 2<sup>nd</sup> November, 2020 and 13<sup>th</sup> February, 2021 respectively. The composition and attendance of the Members at the meetings held during the year are as follows:

Name of Directors	Designation	Category of Director	No of meetings held	No. of meetings attended
Mr. Rakesh Kapoor	Chairperson	Non-Executive Independent Director	5	5
Mr. Shashank Ramesh Anikhindi	Member	Non-Executive Independent Director	5	5
Mr. Jagdish Keswani	Member	Non-Executive Independent Director	5	5

Requisite quorum was present in all the meetings.

Ms. Shagun Bajpai, Company Secretary & Compliance Officer of the Company acts as the Secretary to the Committee. The Members of the Audit Committee were present at the last AGM held on 21<sup>st</sup> September, 2020 to answer the shareholders' queries.

## 2. NOMINATION AND REMUNERATION COMMITTEE

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

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

1. Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal, formulation of criteria for evaluation of performance of independent directors and the board of directors;
2. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;

3. Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
4. To lay out remuneration principles for Directors, Key Managerial Personnel and Senior Management Personnel linked to their effort, performance and achievement relating to the Company's goals trends and practices that prevail in peer companies across the industry.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. To ensure the Board Diversity by constituting the structure of Board of Directors

### Composition, Meeting and Attendance

The Committee met twice during the year under review on 29<sup>th</sup> June, 2020 and 31<sup>st</sup> July, 2020 respectively. The composition of the Nomination and Remuneration Committee along with the details of the meetings held and attended by the members of the Committee during the year under review is detailed below:

Name of Directors	Designation	Category of Director	No. of Meetings held	No. of meetings attended
Mr. Shashank Ramesh Anikhindi	Chairperson	Non-Executive Independent Director	2	2
Mr. Rakesh Kapoor	Member	Non-Executive Independent Director	2	2
Mr. Anil Sharma	Member	Non-Executive Non-Independent Director	2	2
Mr. Gursharan Singh	Member	Chairman & Managing Director	2	2

Requisite quorum was present in all the meetings.

Ms. Shagun Bajpai, Company Secretary & Compliance Officer of the Company acts as the Secretary to the Committee. The Members of the Nomination & Remuneration Committee were present at the last AGM held on 21<sup>st</sup> September, 2020 to answer the shareholders' queries.

### Performance Evaluation Criteria for Independent Directors

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

### Remuneration Policy

The Remuneration Policy is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration

packages and superannuation benefits. The Remuneration Policy of your Company applies to the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees of the Company.

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

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

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

**DETAILS OF THE REMUNERATION PAID DURING THE FINANCIAL YEAR 2020-21 IS AS MENTIONED BELOW:**

**EXECUTIVE DIRECTORS**

(Amount in Lakh)

S. No.	Name of the Director	Gross Salary (p.a.)	Perquisites, Provident Fund and other benefits (p.a.)	Bonus/ Commission	Total (p.a.)
1.	Mr. Gursharan Singh	96.50	12.97	49.86	159.33
2.	Mr. Dev Raj Arya	56.93	4.12	-	61.05

**NON- EXECUTIVE INDEPENDENT DIRECTORS**

The Company increased the sitting fee to be paid to the Non-Executive Independent Directors per meeting w.e.f. 13<sup>th</sup> August, 2021 as per the following schedule, for attending meetings of the Board of Directors and respective Committees of the Company:

Board Meeting	Audit Committee	Nomination & Remuneration Committee	Financial Affairs Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee
₹ 35000	₹ 35000	₹ 25000	₹ 15000	₹ 10000	₹ 10000

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

The Remuneration paid to Non- Executive Directors of the Company is as follows:

(Amount in Lakh)

Name of Director	Designation	Retainership Fee	Sitting Fee	Total
Mrs. Narinder Paul Kaur	Non-Executive Non-Independent Director	18.00	1.25	19.25
Mr. Anil Sharma	Non-Executive Non-Independent Director	18.00	1.65	19.65
Mr. Raj Kumar Kapoor*	Non-Executive Independent Director	-	0.80	0.80
Mr. Rakesh Kapoor	Non-Executive Independent Director	-	2.95	2.95
Mr. Shashank Ramesh Anikhindi	Non-Executive Independent Director	-	2.20	2.20
Mr. Jagdish Keswani	Non-Executive Independent Director	-	2.00	2.00
Brig. Harinder Pal Singh Bedi	Non-Executive Independent Director	-	1.05	1.05

\*Retired as Independent Director w.e.f. 29<sup>th</sup> September, 2020

The Company does not have any Employee Stock Option Scheme.

### 3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

#### Composition, Meeting and Attendance

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

Name of the Directors	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Rakesh Kapoor	Chairperson	Non-Executive Independent Director	5	5
Mr. Gursharan Singh	Member	Chairman & Managing Director	5	5
Mr. Dev Raj Arya	Member	Whole-time Director	5	5

The Committee met 5 (five) times during the year under review as per the below schedule:

S. No.	Date of the Meeting
1.	31 <sup>st</sup> July, 2020
2.	14 <sup>th</sup> December, 2020
3.	21 <sup>st</sup> December, 2020
4.	11 <sup>th</sup> January, 2021
5.	15 <sup>th</sup> February, 2021

Requisite quorum was present in all the meetings.

Ms. Shagun Bajpai, Company Secretary being the Compliance Officer took all necessary and immediate steps for investors' grievances.

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

Opening Balance	Received During the year	Resolved During the year	Closing Balance
00	00	00	00

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

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

##### Composition, Meeting and Attendance

During the year under review the Committee had 3 (three) Meetings on 29<sup>th</sup> June, 2020, 31<sup>st</sup> July, 2020 and 21<sup>st</sup> January, 2021. The composition of the CSR Committee and the details of meetings attended by its members are given below:

Name of Directors	Designation	Category	No. of meetings held	No. of meetings attended
<sup>1</sup> Mr. Raj Kumar Kapoor	Chairperson	Non-Executive Independent Director	2	2
<sup>2</sup> Brig. Harinder Pal Singh Bedi	Chairperson	Non-Executive Independent Director	2	2
Mrs. Narinder Paul Kaur	Member	Non-Executive Non-Independent Director	3	3
Mr. Anil Sharma	Member	Non-Executive Non-Independent Director	3	3

<sup>1</sup>Mr. Raj Kumar Kapoor ceased to be Member of the Corporate Social Responsibility Committee due to his retirement w.e.f. 29<sup>th</sup> September, 2020

<sup>2</sup>Brig. Harinder Pal Singh Bedi was appointed as the Chairperson of the Corporate Social Responsibility Committee by the Board in its Meeting held on 2<sup>nd</sup> November, 2020

#### 5. FINANCIAL AFFAIRS COMMITTEE

The Company has an adequately qualified "Financial Affairs Committee" and as on 31<sup>st</sup> March, 2021. The Committee met thrice during the year under review on 27<sup>th</sup> August, 2020, 9<sup>th</sup> September, 2020 and 15<sup>th</sup> March, 2021. The composition of the Committee of Board of Directors and the details of meetings attended by its members during the year under review are given below:



Name of the Directors	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Rakesh Kapoor	Chairperson	Non-Executive Independent Director	3	3
Mr. Gursharan Singh	Member	Chairman & Managing Director	3	3
Mr. Dev Raj Arya	Member	Whole-time Director	3	3

Requisite quorum was present in all the meetings.

## 6. INDEPENDENT DIRECTORS' MEETING

In compliance with Regulation 25 of Listing Regulations and Schedule IV of the Act, a separate meeting of the Independent Directors of the Company was held on 13<sup>th</sup> February, 2021, without the attendance of Non-Independent Directors and members of Management. Mr. Rakesh Kapoor was unanimously elected as Chairman of the meeting and all the Independent Directors were present in the meeting. The Independent Directors in that meeting reviewed/ assessed:

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

## IV. GENERAL BODY MEETINGS

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

Financial Year	Location(S)	Meeting Date	Time
2019-20	AGM through Video Conferencing and Other Audio Visual Means	21 <sup>st</sup> September, 2020	11:00 A.M.
2018-19	The Executive Club, Dolly Farms & Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110074, India	28 <sup>th</sup> September, 2019	11:30 A.M.
2017-18	The Executive Club, Dolly Farms & Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074	25 <sup>th</sup> September, 2018	11:00 A.M.

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

#### 28<sup>th</sup> September, 2018 –

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

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

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

### 21<sup>th</sup> September, 2020-

- Re-appointment of Mr. Shashank Ramesh Anikhindi (DIN: 07787889) as the Non- Executive Independent Director of the Company.
- Appointment of Brig. Harinder Pal Singh Bedi (Retd.) (DIN: 05217488) as the Non- Executive Independent Director of the Company.
- Keeping of the copies of Annual Return of the Company at a place other than the Registered Office of the Company.

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

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

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

## V. MEANS OF COMMUNICATION

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

### o **Publication of quarterly results:**

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

### o **Website and News Releases:**

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

### o **Stock Exchanges:**

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

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

BSE Listing Centre is the web-based applications designed by BSE for the Corporates to electronically file all compliance related filings, inter alia, Shareholding Pattern, Corporate Governance Report,

Corporate Announcements, amongst others in accordance with the Rules, Regulations and Guidelines issued by SEBI.

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

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

**o Exclusive Email ID for investors**

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

**VI. GENERAL SHAREHOLDERS INFORMATION**

1	Annual General Meeting	
	Date	24 <sup>th</sup> September, 2021
	Time	03:00 P.M.
	Venue	(Through Video Conferencing or Other Audio Visual Means)
2	Financial Year	1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021
3	Date of Book Closure	18 <sup>th</sup> September, 2021 to 24 <sup>th</sup> September, 2021
4	Date of Dividend Payment	Interim Dividend was declared by the Company on 13 <sup>th</sup> February, 2021
5	Name and address of Stock Exchanges at which Company's securities are listed;	BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
6	Stock Code/ Symbol	BSE : 520073 ISIN No.: INE704B01017
7	Listing Fees to Stock exchanges	The Company has paid the Annual Listing Fees for the financial year 2021-22 to the above Stock Exchanges.

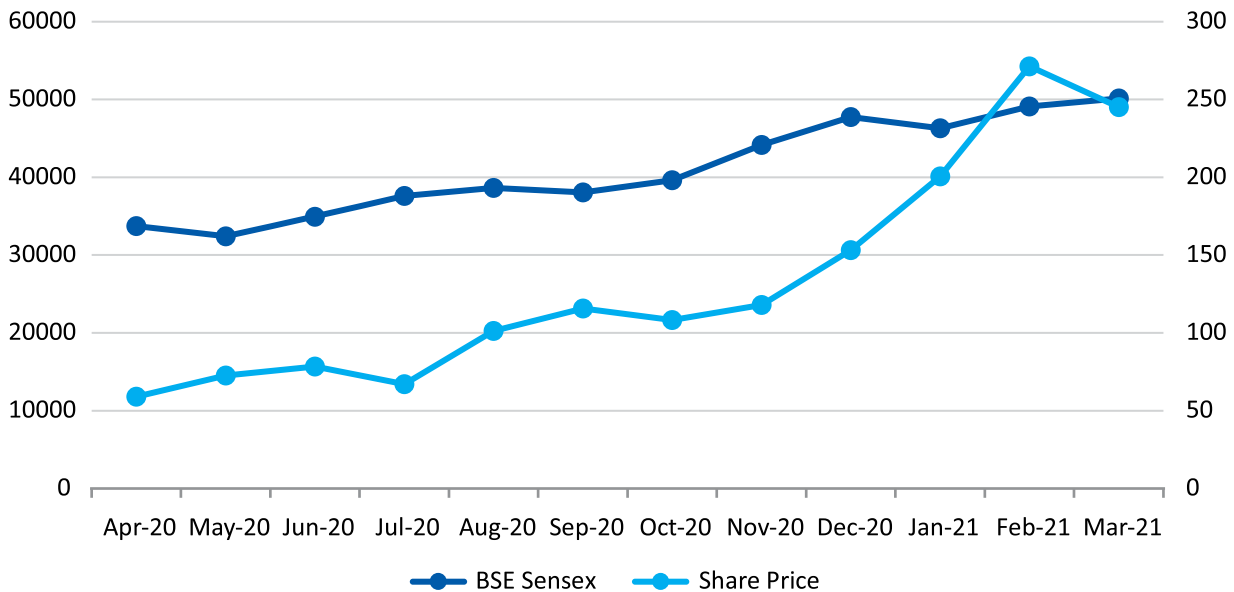
**Monthly high and low of the Equity Shares of the Company at BSE during the year ended 31<sup>st</sup> March, 2021 are as follows:**

Months during the financial year ended 31 <sup>st</sup> March, 2021	BSE	
	High (₹/share)	Low (₹/share)
April, 2020	63.9	50
May, 2020	73.4	52.05
June, 2020	89.5	68.55
July, 2020	85.9	64.05
August, 2020	117	65.8
September, 2020	125	94.75
October, 2020	129.5	105.2
November, 2020	125.85	105.1

December, 2020	163	115.2
January, 2021	219.95	153.1
February, 2021	279	194
March, 2021	275	216

Source: BSE website.

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



### Share Transfer System

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

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

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

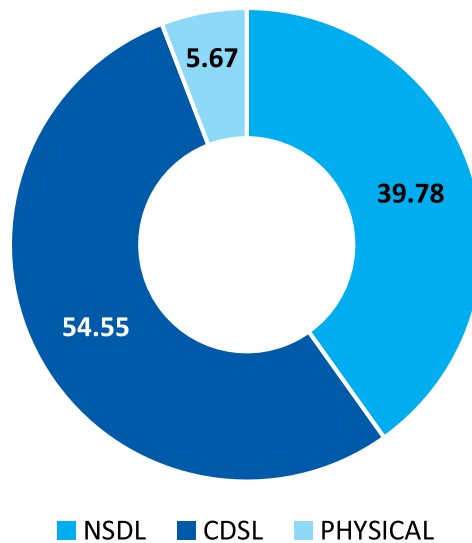
## Distribution of Shareholding as on 31<sup>st</sup> March, 2021

Shares holding of Nominal Value of Rupees		Shareholders		Total Shares	
		Number	% to Total	No. of Shares Held	% to Total
(1)		(2)	(3)	(4)	(5)
Upto 5000		9158	89.98	1175881	10.39
5001	10,000	502	4.93	416519	3.86
10,001	20,000	253	2.49	379798	3.52
20,001	30,000	101	0.99	256798	2.38
30,001	40,000	31	0.30	114076	1.06
40,001	50,000	19	0.19	89413	0.83
50,001	1,00,000	59	0.58	416225	3.86
1,00,001 and Above		55	0.54	7932710	73.58
<b>TOTAL</b>		<b>10178</b>	<b>100</b>	<b>10781600</b>	<b>100</b>

## Dematerialisation of Shares and Liquidity

The Company has established connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Registrar & Share Transfer Agent- MAS Services Ltd. This has facilitated the shareholders to hold and trade their shares in 'electronic form'. As on 31<sup>st</sup> March, 2021, 1,01,70,209 Equity Shares of the Company, forming 94.32% of the shareholding stand dematerialized.

### Dematerialisation of Shares



## VII. DISCLOSURES

### a) Related Party Transactions

There were no materially significant related party transactions i.e. transactions by the Company of material nature with the related parties which could conflict with the interests of the Company. All transactions entered into by the Company with related parties, during the financial year 2020-2021, were in ordinary course of business and on arm's length basis. The details of the Related Party Transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

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

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

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

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

### c) Whistle Blower Policy/Vigil Mechanism

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

During the financial year ended 31<sup>st</sup> March, 2021, no personnel have been denied access to the Chairman of the Audit Committee of the Company.

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

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

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

**e) Document Preservation and Archival Policy**

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

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

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

**A. Shareholders rights**

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

**B. Audit Qualification**

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

**C. Reporting of Internal Auditor**

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

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

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

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

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

**i) Disclosure of Accounting Treatment**

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

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

Though the company has been in export business (sale of gears) but it always realizes the invoice

value of its goods by way of bill discounting from RBL Bank Limited, Citi Bank and Standard Chartered Bank and has natural hedging against Foreign Exchange Exposure. The Company does not over expose itself against foreign currency; however there is natural risk of minor exchange fluctuation and company keeps a close watch on the exchange rate movement.

**k) Disclosures of Risk Management**

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

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

During the year under review Company has not raised any funds from public issue, rights issue and FCCB issue.

**m) Certificate from Practicing Company Secretary**

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

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

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

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

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

S. No.	Particulars of Disclosures	Remarks
1.	Number of complaints pending at the start of the financial year 2020-21	Nil
2.	Number of complaints filed during the financial year 2020-21	Nil
3.	Number of complaints disposed off during the financial year 2020-21	Nil
4.	Number of complaints pending as on end of the financial year 2020-21	Nil

**q) Reconciliation of Share Capital Audit**

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



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

The Corporate Governance Report of the Company for the financial ended 31<sup>st</sup> March, 2021 is in compliance with the requirements of the Listing Regulations.

**s) Unclaimed Shares**

As on 31<sup>st</sup> March, 2021, the company does not have any unclaimed shares, hence the requirement of Demat Suspense Account / Unclaimed Suspense Account not applicable on the Company.

**t) Credit Ratings**

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

Facilities	Amount (₹ crore)	Ratings	Rating Action
Long-term Bank Facilities	106.52 (Enhanced from 97.58)	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Revised from CARE BBB; Positive (Triple B; Outlook: Positive) and outlook revised from positive
Short-term Bank Facilities	5.00	CARE A3+ (A Three Plus)	Revised from CARE A3 (A Three)
Total	111.52 (Rupees One Hundred Eleven Crore and Fifty- Two Lakhs Only)		

**DISCRETIONARY REQUIREMENTS**

**A. The Board**

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

**B. Shareholders' Rights**

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

**C. Modified Opinion in Audit Report**

The Statutory Auditors have given their Audit Report with unmodified opinion for the financial statements for the financial year. The Declaration, in accordance with Regulation 33 of the Listing Regulations has been submitted with the Stock Exchange along with the Financials Results for the Quarter and Year ended 31<sup>st</sup> March, 2021.

**D. Reporting of Internal Auditors**

The Report issued by Protiviti Global India Private Limited, Internal Auditors of the Company is placed before the Audit Committee on periodical basis.

## VIII. PLANT LOCATIONS

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

### OVERSEAS SUBSIDIARY:

**RACL GEARTECH GmbH, Austria**

## IX. ADDRESS FOR CORRESPONDENCE

### CORPORATE OFFICE

#### INVESTOR RELATIONS DEPARTMENT

B-9, Sector-3, Noida- 201301

Tel No.:+ 91-120-4588500

Fax: +91-11-41609909

E mail id: investors@raclgeartech.com

Website: www.raclgeartech.com

### REGISTRAR AND SHARE TRANSFER AGENTS

#### MAS SERVICES LIMITED

T-34, Second Floor,

Okhla Industrial Area, Phase-II, New Delhi- 110020

Tel No.: +91-11-26387281- 83

Fax: +91-11-26387284

E-mail ID: info@masserv.com

Website: www.masserv.com

### COMPLIANCE OFFICER

**Ms. Shagun Bajpai**

Company Secretary

ICSI Membership No.: A45982

## COMPLIANCE CERTIFICATE

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

To,  
The Members,  
RACL Geartech Limited

Dear Sirs,

We have reviewed the Financial Statements together with the Cash Flow Statement of RACL Geartech Limited for the financial year ended 31<sup>st</sup> March, 2021 and that to the best of our knowledge and belief, we state that;

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2021 which is fraudulent, illegal or violative of the Company's code of conduct.
4. We accept the responsibility for establishing and maintaining internal controls for financial accounting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there had been no deficiency in design or operation of such internal controls during the period under review.

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

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

For and on behalf of  
RACL Geartech Limited

Date: 7<sup>th</sup> June, 2021  
Place: Noida

Mr. Gursharan Singh  
Chairman & Managing Director  
DIN: 00057602

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

## DECLARATION BY THE MANAGING DIRECTOR

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

I, Gursharan Singh, Chairman & Managing Director of RACL Geartech Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Company's "Code of Conduct for Directors and Senior Management Personnel" for the financial year ended on 31<sup>st</sup> March, 2021.

For and on behalf of the Board  
RACL Geartech Limited

Place: Noida  
Date: 7<sup>th</sup> June, 2021

Gursharan Singh  
Chairman and Managing Director  
DIN: 00057602

## NO DISQUALIFICATION CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

To,

**The Members,  
RACL Geartech Limited**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **RACL GEARTECH LIMITED** having CIN L34300DL1983PLC016136 and having registered office at 15th Floor, Eros Corporate Tower, Nehru Place New Delhi South Delhi DL 110019 India (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 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](http://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 for the financial year ending on March 31, 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.

S. No.	Name of Director	DIN	Designation	Date of Appointment
1	Mr. Gursharan Singh	00057602	Managing Director	23/08/2002
2	Mr. Anil Sharma	00157911	Non-Executive - Non-Independent Director	19/05/2006
3	Mr. Rakesh Kapoor	00015358	Independent Director	28/10/2013
4	Mr. Shashank Ramesh Anikhindi	07787889	Independent Director	27/05/2017
5	Mr. Dev Raj Arya	00057582	Wholtime/Executive Director	22/10/2002
6	Ms. Narinder Paul Kaur	02435942	Non-Executive - Non Independent Director	31/01/2015
7	Mr. Jagdish Keswani	02146267	Independent Director	11/11/2019
8	Mr. Harinder Pal Singh Bedi	05217488	Independent Director	29/06/2020

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.

**Place: New Delhi  
Date: 15.07.2021**

**For Rosy Jaiswal & Associates  
Company Secretaries  
Rosy Jaiswal (Proprietor)  
ACS No. 28432, C.P No. 21968  
UDIN: A028432C00063768**

## CERTIFICATE ON CORPORATE GOVERNANCE

To

**The Members,  
RACL Geartech Limited**

We have examined the compliance of conditions of Corporate Governance by **RACL GEARTECH LIMITED** having **CIN L34300DL1983PLC016136** and having registered office at 15<sup>th</sup> Floor, Eros Corporate Tower, Nehru Place New Delhi South Delhi DL 110019 India (“the Company”), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2020 to March 31, 2021. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of 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 generally complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Place: New Delhi  
Date: 15.07.2021

For Rosy Jaiswal & Associates  
Company Secretaries

Rosy Jaiswal  
(Proprietor)

ACS No. 28432, C.P No. 21968  
UDIN: A028432C00063768

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

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

#### Opinion

We have audited the Standalone Financial Statements of **RACL Geartech Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

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

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the financial year ended 31<sup>st</sup> March, 2021. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matters	How our audit addressed the key audit matter
<b>A. Foreign currency risk (Refer Note 39)</b>	
<p>Transaction exposure arises due to the timing difference between an entitlement to receive money from a customer and the actual physical receipt of the money or, in the case of a payable, the time between placing the purchase order and settlement of the invoice.</p> <p>The Company doesn't hedge its transactions, due to which it has a net unhedged risk of Rs 226.40 Lakhs as on 31.03.2021 (previous year Rs 566.02 Lakhs)</p> <p>Not hedging the transaction exposure, has a significant risk, therefore considered as a key audit area.</p>	<p>Our audit procedures relate to verifying the exchange rate difference and valuation of assets and liabilities as on closing date to ensure all foreign currency exchange rate differences has been accounted for.</p> <p>Further, any difference in exchange rate during the year i.e. from the date of purchase to date of payment as well as date of sale to date of receipt is properly accounted for in the absence of any hedging done by the company.</p>

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's

Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon.

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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



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

## Other Matter

### 1. Independent Auditor's Report without physical visit to the Company due to COVID 19

The opinion expressed in the present report is based on the limited information, facts and inputs made available to us through electronic means by the Company. We wish to highlight that due to the COVID 19 induced restrictions on physical movement, the entire audit team could not visit the Company for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing, including but not limited to:

- Inspection, observation, examination and verification of the original documents/ files. Verified the scanned documents provided by the Company on Email.
- Examination of the FA register, physical verification process / addition of Fixed Assets documents, if any.
- Verification of Minute book i.e. AGM, Board minutes and EGM.

### 2. The balance confirmation from the suppliers, advances & customers given have been called for, but the same are awaited till the date of audit. Thus, the balances of receivables, trade payables and advances given have been taken as per the books of accounts submitted by the company and are subject to confirmation from the respective parties.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed pending litigations as mentioned in Note No. 44 to the Standalone Financial Statements which would impact its financial position;
  - ii. The Company does not envisage any material foreseeable losses in long-term contracts including derivative contract requiring provision;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the Company has paid remuneration to its directors during the year in accordance with the section 197 of the Act.

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

Place: New Delhi  
Date : 07<sup>th</sup> June, 2021  
UDIN: 21083878AAAABS7606

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

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF RACL GEARTECH LIMITED

For the year ended as on 31<sup>st</sup> March 2021

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

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. The Fixed Assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the Company.
- ii. The inventories, except for stocks lying with third parties where certificates confirming stocks have been received in respect of most of the stocks hold, have been physically verified by the management at the end of the year. According to information & explanations given to us, the discrepancies noticed on verification between the physical stock and books record, have been properly dealt with in the books of accounts.
- iii. According to information & explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. In our opinion and according to the information and explanation given to us, in respect of loans, investment, guarantees, and security, the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- vi. It has been represented by the management that for the activities carried on by the company, the Central Govt has not specified maintenance of cost records under sub section (1) of 148 of the Companies Act 2013.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess, GST and other statutory dues during the year with the appropriate authorities. As on 31st March 2021, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.
- b) According to the information and explanation given to us, there are no dues of sales tax, service tax, duty of customs, duty of excise, value added tax, cess, GST and any other statutory dues which have not been deposited on account of dispute except relating to Income Tax as per detail given below:

Name of the Statute	Nature of the dues	Amount (INR lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	115 WE	5.64	AY 2009-10	With AO for rectification
Income Tax Act, 1961	220(2)	1.16	AY 2011-12	CPC for rectification
Income Tax Act, 1961	220(2)	8.99	AY 2016-17	CPC for rectification
Income Tax Act, 1961	TDS Demands	4.04	AY 2012-13 and ear-lier	With AO for rectification

- viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has taken loan from various banks and financial institutions. The Company has not taken any loans or borrowings from any Government and not issued any debentures during the year.
- The Company has not defaulted in repayment of dues to banks and financial institutions in respect of Interest and Principal during the year.
- ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer (including deb instrument) during the year.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act
- xii. The Company is not a Nidhi Company and hence clause 3 (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: New Delhi  
Date : 07<sup>th</sup> June, 2021  
UDIN: 21083878AAAABS7606

Manju Agrawal  
Partner  
(M. No. 083878)

## ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN OUR REPORT OF EVEN DATE)

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

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

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control with reference to these Standalone Financial Statements is

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2021, based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Place: New Delhi  
Date : 07<sup>th</sup> June, 2021  
UDIN: 21083878AAAABS7606**

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

## Standalone Balance Sheet as at 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	2	14,032.03	10,823.44
(b) Intangible Asset	3	13.51	15.91
(c) Capital work-in-progress	4	80.38	29.36
(d) Financial assets	5	209.31	192.82
(e) Other non-current assets	6	727.17	15.14
<b>Total Non-current Assets</b>		<b>15,062.40</b>	11,076.67
<b>Current Assets</b>			
(a) Inventories	7	4,244.55	4,147.46
(b) Financial assets			
i. Trade receivables	8	5,518.91	5,374.30
ii. Cash and cash equivalents	9	88.31	65.78
iii. Other Financial asset	10	471.95	475.83
(c) Other current assets	11	1,742.47	1,086.99
<b>Total Current Assets</b>		<b>12,066.19</b>	11,150.36
<b>Total Assets</b>		<b>27,128.59</b>	22,227.02
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12.a	1,078.16	1,078.16
(b) Other Equity	12.b	9,715.21	7,437.44
<b>Total Equity</b>		<b>10,793.37</b>	8,515.60
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
Borrowings	13	5,173.00	3,073.42
Other	14	231.74	302.09
(b) Provisions	15	690.94	697.90
(c) Deferred tax liabilities (Net)	16	531.07	694.89
(d) Other Non- Current Liabilities	17	-	79.93
<b>Total Non-current Liabilities</b>		<b>6,626.75</b>	4,848.22
<b>Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	18	3,511.57	4,366.92
ii. Trade payables	19	2,816.85	1,903.96
iii. Other financial liabilities	20	2,921.93	2,181.42
(b) Other current liabilities	21	181.35	257.54
(c) Provisions	22	130.37	127.89
(d) Current tax Liabilities (Net)	23	146.40	25.46
<b>Total Current Liabilities</b>		<b>9,708.47</b>	8,863.20
<b>Total Liabilities</b>		<b>16,335.22</b>	13,711.42
<b>Total Equity and Liabilities</b>		<b>27,128.59</b>	22,227.02

Notes 1 to 46 forms part of the Financial Statements

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

MANJU AGARWAL  
(Partner)  
M.No :083878

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
UDIN: 21083878AAAABS7606

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

D.R. ARYA  
(Director & CFO)  
DIN: 00057582  
NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

JAGDISH KESWANI  
(Director)  
DIN: 02146267

RAKESH KAPOOR  
(Director)  
DIN : 00015358  
HPS BEDI  
(Director)  
DIN : 05217488

By Order of the Board  
For RACL Geartech Limited

SHASHANK RAMESH ANIKHINDI  
(Director)  
DIN : 07787889

ANIL SHARMA  
(Director)  
DIN : 00157911  
SHAGUN BAJPAI  
(Company Secretary)  
ICSI MEM. NO. A45982

## Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	Notes	Year endend March 31, 2020	Year endend March 31, 2019
<b>Revenue from operations</b>	24	20,361.28	21,232.92
Other income	25	411.72	51.61
<b>Total Income</b>		<b>20,773.00</b>	21,284.53
<b>Expenses</b>			
Cost of Material Consumed	26	5,888.83	7,076.70
Changes in inventories of finished goods WIP and Stock in Trade	27	210.54	(261.45)
Employee benefits expenses	28	2,458.60	2,462.50
Finance Costs	29	847.06	844.22
Depreciation and Amortisation Expenses	30	1,641.94	1,127.73
Other Expenses	31	6,713.14	7,844.00
<b>Total expenses</b>		<b>17,760.11</b>	19,093.70
Profit before exceptional items and tax		<b>3,012.89</b>	2,190.82
Add: Exceptional items			
Profit before tax			
Less: Tax expense			
(1) Current tax			
Previous Year tax Paid		(34.50)	(9.10)
Tax Payable		(804.09)	(549.00)
Less : MAT credit entitlement			
(2) Deferred tax		(838.59)	(558.10)
		163.81	65.25
		(674.77)	(492.85)
<b>Profit for the period from continuing operations</b>		<b>2,338.12</b>	1,697.97
<b>Other Comprehensive Income</b>			
Remeasurements of the defined benefit plans		47.48	(61.70)
<b>Total other comprehensive income</b>		<b>47.48</b>	(61.70)
<b>Total comprehensive income for the period</b>		<b>2,385.60</b>	1,636.27
<b>Earnings per share (Face Value ₹ 10/- per share) Not annualised :</b>			
(1) Basic (in ₹)	32	<b>22.13</b>	15.33
(2) Diluted (in ₹)		<b>22.13</b>	15.33

Notes 1 to 46 forms part of the Financial Statements

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

MANJU AGARWAL  
(Partner)  
M.No :083878

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
UDIN: 21083878AAAABS7606

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

D.R. ARYA  
(Director & CFO)  
DIN: 00057582  
NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

JAGDISH KESWANI  
(Director)  
DIN: 02146267

RAKESH KAPOOR  
(Director)  
DIN : 00015358  
HPS BEDI  
(Director)  
DIN : 05217488

By Order of the Board  
For RACL Geartech Limited

SHASHANK RAMESH ANIKHINDI  
(Director)  
DIN : 07787889

ANIL SHARMA  
(Director)  
DIN : 00157911  
SHAGUN BAJPAI  
(Company Secretary)  
ICSI MEM. NO. A45982



## Standalone Cash Flow Statement for the year ended March 31, 2021

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) after tax	2,385.60	1,636.27
<b>Adjustment for:</b>		
Depreciation / Amortization	1,641.94	1,127.73
Interest charges	847.06	844.22
Impairment	(4.49)	102.77
(Profit)/Loss on sale of asset	(35.45)	8.93
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4,834.66</b>	3,719.93
Increase/(Decrease) in Other Liabilities - Non Current	(243.75)	(26.84)
Increase/(Decrease) in Other Financial Liabilities	670.16	980.21
Increase/(Decrease) in Trade Payable - Current	912.89	(236.82)
Increase/(Decrease) in Long-term provisions - Non current	(6.96)	54.67
Increase/(Decrease) in Short-term provisions - current	2.48	63.89
Increase/(Decrease) in Other current liabilities	(647.44)	(524.31)
(Increase)/Decrease in Inventories	(97.09)	(546.85)
(Increase)/Decrease in Trade Receivable	(144.61)	(285.66)
(Increase)/Decrease in Other non current financial assets	(16.49)	(79.48)
(Increase)/Decrease in Other non current assets	(712.03)	35.53
(Increase)/Decrease in Other current assets	(655.48)	(213.33)
(Increase)/Decrease in Other Current financial Asset	3.88	(155.69)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>3,900.23</b>	2,785.26
Direct taxes paid	(692.19)	(532.64)
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>4592.42</b>	3317.90
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,979.34)	(2,767.69)
Proceeds from Sale of PPE	120.12	142.26
<b>NET CASH GENERATED (USED IN) INVESTING ACTIVITIES</b>	<b>(4,859.21)</b>	(2,625.43)
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) from long term borrowings	1,244.23	(84.92)
Proceeds from share capital	0.00	50.00
Dividend Paid	(107.83)	(107.82)
Dividend Distribution Tax	-	(22.16)
Proceeds from share premium	0.00	312.56
Interest and finance charges paid	(847.06)	(844.22)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>289.34</b>	(696.56)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>22.54</b>	(4.09)
Cash and cash equivalents as at March 31,2020	65.78	69.87
Cash and cash equivalents as at March 31, 2021	88.31	65.78
<b>Net Cash Flow</b>	<b>22.54</b>	(4.09)

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

MANJU AGARWAL  
(Partner)  
M.No :083878

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
UDIN: 21083878AAAABS7606

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

D.R. ARYA  
(Director & CFO)  
DIN: 00057582  
NARINDER PAUL KAUR  
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RAKESH KAPOOR  
(Director)  
DIN : 00015358  
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(Director)  
DIN : 05217488

By Order of the Board  
For RACL Geartech Limited

SHASHANK RAMESH ANIKHINDI  
(Director)  
DIN : 07787889

ANIL SHARMA  
(Director)  
DIN : 00157911  
SHAGUN BAJPAI  
(Company Secretary)  
ICSI MEM. NO. A45982

## Statement of changes in equity for the year ended 31<sup>st</sup> March 2021

### A. Equity Share Capital

(₹ in Lakh)

Movement during the year	Number of shares (In Lakh)	Share Capital (Amount)
<b>Equity</b>		
Authorised ( Equity Shares of ₹ 10/- each )	<b>200.00</b>	2,000.00
<b>Issued &amp; Subscribed (Equity Shares of ₹10/- each )</b>		
Balance at the beginning of the period as at 01.04.2020	112.90	1,129.00
Change during the year	5.00	50.00
<b>Balance at the end of the period as at 31.03.2021</b>	<b>117.90</b>	<b>1,179.00</b>
<b>Paid up Share Capital</b>		
Balance at the beginning of the period as at 01.04.2020	102.82	1,028.16
Change during the year	5.00	50.00
<b>Balance at the end of the period as at 31.03.2021</b>	<b>107.82</b>	<b>1,078.16</b>

### B. Other Equity

#### Movement in Other Equity

(₹ in Lakh)

Particulars	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance at the beginning of the reporting period i.e. 01.04.2020</b>	41.95	695.31	6,700.18	7,437.44
Changes in accounting policy or prior period errors		-	-	-
Restated balance at the beginning of the reporting period	41.95	695.31	6,700.18	7,437.44
Total Comprehensive income for the year	-	-	2385.60	2,385.60
Less: Dividend Paid	-	-	(107.83)	(107.83)
Less: Dividend Distribution Tax	-	-	-	-
Transfer to retained earnings	-	-	-	-
<b>Balance at the end of the reporting period i.e. 31.03.2021</b>	<b>41.95</b>	<b>695.31</b>	<b>8,977.95</b>	<b>9,715.21</b>

#### Previous Year

(₹ in Lakh)

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

## NOTES TO ACCOUNTS

### NOTE NO 1.

#### GENERAL INFORMATION

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

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

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

##### (a) Statement of Compliance

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

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

##### (b) Basis of measurement

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

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

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

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

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

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

the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

### (e) Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current

### Presentation of financial statements

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

Amounts in the financial statements are presented in Indian Rupees.

## B SIGNIFICANT ACCOUNTING POLICIES

### B1 INCOME RECOGNITION

#### a. Revenue from Contracts with customers:

Revenue from contract with customers are accounted for and recognised, observing the provisions of Ind AS 115 “Revenue from Contracts with Customers”.

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

- (1) **Identify the contract with a customer:** The Company observe the following criteria:
  - a) Parties to the contract have approved the contract.
  - b) Parties are committed to performing their respective obligations.
  - c) Each party’s rights and payment for the contract are identified.
  - d) A contract has commercial substance.
  - e) Probable collection of the consideration by the entity.
- (2) **Identify the performance obligations in the contract:** The Company assesses its promise to transfer goods to a customer to identify separate performance obligations. The Company applies judgment to determine whether each goods promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods are combined and accounted as a single performance obligation.

- (3) **Determine the transaction price:** Transaction price is fixed and determined based on the terms of contract and Company's customary practice and any consideration payable to the customers includes cash amounts, credits, rebates and other similar allowances is reduced from the transaction price.
- (4) **Allocate the transaction price to the performance obligation in the contract.** The Company allocates the transaction price to each performance obligation identified in a contract on a relative stand-alone selling price basis.
- (5) **Recognize revenue when a performance obligation is satisfied:** Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised goods or services to a customer (customer obtains control). For each performance obligation, The Company determines the performance obligation at a point of time when all the following conditions are satisfied:
  1. The Company has a present right to pay for the goods.
  2. The Customer has legal title to the goods.
  3. The Company has transferred physical possession of the goods.
  4. Customer has significant risk and reward of ownership.
  5. Customer has accepted the goods.

**b. Other Income:**

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

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

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

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

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

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

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. Depreciation is charged on a pro-rata basis at the straight line method over

estimated economic useful lives of its property, plant and equipment generally in accordance with that provided in the Schedule II to the Act.

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

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

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

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

### **B3 INTANGIBLE ASSETS**

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

### **B4 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

The carrying amount of assets are reviewed at each Balance Sheet date, to assess, if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the assets exceeds the recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is charged to the statement of profit and loss Account in the year in which an asset is identified as impaired.

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

### **B5 INVENTORY**

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

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

## **B6 FOREIGN CURRENCY TRANSACTION**

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

Foreign currency derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in statement of profit or 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 or loss depends on the nature of the hedging relationship and the nature of the hedged item.

## **B7 EMPLOYEE BENEFIT**

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

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

## **B8 RESEARCH AND DEVELOPMENT EXPENDITURE**

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

## **B9 FINANCIAL INSTRUMENT**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial

liabilities at fair value through the statement of profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value are recognized in statement of profit or loss.

#### a. Financial Assets

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

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

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

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

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

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

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

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

#### b. Financial Liabilities and Equity Instruments

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

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

##### (2) Equity instruments

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

##### (3) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and



borrowings and payables, net of directly attributable transaction costs. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance Costs' Line item.

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

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

#### **B10 Impairment of financial assets (Expected Credit Loss Model)**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

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

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition

#### **B11 PROVISIONS**

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

and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

## B12 WARRANTIES

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

## B13 CURRENT AND NON CURRENT CLASSIFICATION

### **Current Asset:**

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

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

All other assets shall be classified as non-current.

### **Current Liabilities:**

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

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

## B14 DEFERRED TAX & CURRENT TAX

### a. **Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary

differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

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

### B15 EARNING PER SHARE (EPS)

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

### B16 LEASE

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

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

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except

for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

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

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

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

## **C CASH FLOW STATEMENT**

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

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

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

## **D BORROWINGS COST:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that

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

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

By Order of the Board  
For RACL Geartech Limited

MANJU AGARWAL  
(Partner)  
M.No :083878

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

JAGDISH KESWANI  
(Director)  
DIN: 02146267

SHASHANK RAMESH ANIKHINDI  
(Director)  
DIN : 07787889

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
UDIN: 21083878AAAABU1355

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

RAKESH KAPOOR  
(Director)  
DIN : 00015358

ANIL SHARMA  
(Director)  
DIN : 00157911

NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

HPS BEDI  
(Director)  
DIN : 05217488

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

**Notes to financial statements as at and for the Year ended 31<sup>st</sup> March 2021**  
(₹ in Lakh)

**Property, plant and equipment**

Particulars	Note No	Cost or Deemed cost			Accumulated depreciation			Impairment		Carrying Amount	
		Balance as at April 1, 2020	Additions	Disposals	Balance at March 31, 2021	Disposals	Depreciation expense	Balance as at April 1, 2020	Impairment loss/reversal during the year	Balance at March 31, 2021	As at March 31, 2020
Building		1,129.74	483.81		1,613.55		66.35	191.92	-	1,421.63	1,004.17
Right To Use Buildings		472.13			472.13		98.23	186.90	-	285.23	383.46
Plant & Machinery		9,550.58	4,207.38	345.04	13,412.92	262.27	1,312.06	2,667.16	(4.49)	10,651.02	7,833.99
Furniture & Fixtures		4.53		1.28	3.25		0.24	2.18		1.07	1.32
Vehicles		94.44	52.26	0.32	146.38		33.32	59.40	3.12	83.86	64.93
Office Equipments	2	92.93	31.50	11.78	112.65	11.76	17.68	49.26	0.44	62.96	49.16
Electrical Installation		136.07	77.51	6.25	207.33		15.34	40.93	-	166.40	104.23
Capital Tool Support		317.15	70.36	1.86	385.65		71.75	132.01	-	253.64	256.89
Right To Use Leasehold - Land		1,144.37			1,144.37		19.07	38.15	-	1,106.22	1,125.29
<b>Total</b>		<b>12,941.94</b>	<b>4,922.82</b>	<b>366.53</b>	<b>17,498.23</b>	<b>281.86</b>	<b>1,634.04</b>	<b>3,367.90</b>	<b>(4.49)</b>	<b>14,032.03</b>	<b>10,823.44</b>

**Intangible Assets**

Particulars	Note No	Cost or Deemed cost			Accumulated depreciation and impairment			Impairment		Carrying Amount	
		Balance as at April 1, 2020	Additions	Disposals	Balance at March 31, 2021	Disposals	Amortisation	Balance as at April 1, 2020	Impairment loss/reversal during the year	Balance at March 31, 2021	As at March 31, 2020
Intangible Asset	3	23.28	5.50		28.78		7.90	15.27	-	-	15.91
Capital Work In Progress	4	29.36	51.02		80.38		-	-	-	-	29.36

## Notes to the Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
<b>Non Current Assets</b>			
<b>(d) Financial Asset</b>	5		
Investment in Equity Share Capital of Racl Geartech Gmbh, Austria for EURO 17500		14.19	14.19
Security Deposits with landlord against rented premises & Authority		87.45	87.46
Security Deposits with UPPCL		107.67	91.17
<b>Total</b>		<b>209.31</b>	<b>192.82</b>
<b>(e) Other Non Current Assets</b>	6		
Capital Advances			
'-Advance for Machineries		727.17	15.14
<b>Total</b>		<b>727.17</b>	<b>15.14</b>
<b>Current Assets</b>			
<b>(a) Inventories (Lower of Cost or Net Realisable Value)</b>	7		
Raw Materials and components		676.32	427.59
Work-in-progress		814.05	727.47
Finished goods		188.86	246.38
Stock-In-Transit		245.08	484.68
Stores and spares		433.61	454.66
Loose Tools		1590.02	1550.05
Jigs & fixtures		296.62	256.64
<b>Total</b>		<b>4,244.55</b>	<b>4,147.46</b>
<b>(b) Financial Assets</b>			
<b>i . Trade Recievable</b>	8		
Unsecured, considered good		5518.91	5374.30
<b>Total</b>		<b>5,518.91</b>	<b>5,374.30</b>
The concentration of credit risk is limited due to the fact that customer base is large and unrelated.			
<b>ii. Cash and Cash Equivalents</b>	9		
Balances with banks		67.54	48.36
Other Bank Balances - Unpaid Dividend Bank A/c		11.49	5.38
Cash in hand		9.29	12.04
<b>Total</b>		<b>88.31</b>	<b>65.78</b>
<b>iii. Other Financial Asset</b>	10		
Interest Receivable		12.32	14.84
Other Claims		0.00	0.80
Margin money*		459.63	400.19
Other Loans and Advances		0.00	60.00
<b>Total</b>		<b>471.95</b>	<b>475.83</b>
*The Margin money on Letter of Credit is secured by Pledging of Term Deposit Receipts to the Schedule Bank.			
<b>(c) Other Current Assets (Secured, considered good)</b>	11		
Deposit with Government authorities		405.20	68.47
Prepaid Expenses		58.40	59.09
Advance to Suppliers		196.02	196.15
Other Advances		0.91	4.11
Advance recoverable in cash or in kind or to the value to be received		1081.94	759.18
<b>Total</b>		<b>1,742.47</b>	<b>1,086.99</b>

## Note No 12

### Equity Share Capital

(₹ In Lakh)

Particulars	Note No	Number of Shares (In Lakh)		As at March 31, 2021	As at March 31, 2020
		As at March 31, 2021	As at March 31, 2020		
<b>Equity</b>	12.a.				
Authorised (Equity Shares of ₹ 10/- each )		200.00	200.00	2000.00	2000.00
Issued & Subscribed (Equity Shares of ₹10/- each)		117.90	117.90	1179.00	1179.00
Paid up Share Capital		107.82	107.82	1078.16	1078.16
<b>Total Paid Up Share Capital</b>		<b>107.82</b>	107.82	<b>1,078.16</b>	1,078.16

#### i. Terms and rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend, if any proposed, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company declared and paid an interim dividend of ₹ 1/- per share (10% of the fair value of shares) amounting to ₹ 107.82 Lakh. ( Previous year: ₹ 107.82 Lakh)

In the event of liquidation of the company the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion to number of equity shares held by the shareholders.

#### ii. Shares held by holding/Ultimate holding company and/or their subsidiaries/associates : Nil

#### iii. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting Year

(₹ In Lakh)

Particulars	As at 31.03.2021		As at 31.03.2020	
	No of Equity Shares	INR	No of Equity Shares	INR
Shares outstanding at the beginning of the year	107.82	1078.16	102.82	1,028.16
Shares issued during the year	-	0	5.00	50.00
Shares bought back during the year				
<b>Shares outstanding at the end of the year</b>	<b>107.82</b>	<b>1,078.16</b>	107.82	1,078.16

#### iv. List of Shareholders having more than 5% equity shares

(₹ In Lakh)

Name of Shareholder	As at 31.03.2021		As at 31.03.2020	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Gursharan Singh	39.39	36.54	39.29	36.44
PICUP	15.03	13.94	15.03	13.94
Middleware Development Limited	7.84	7.27	8.70	8.07



### Other Equity

(₹ In Lakh)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
Retained Earning	12.b.	8,977.95	6,700.18
Securities Premium Reserve		695.31	695.31
Share Forfeiture Account		41.95	41.95
<b>Total</b>		<b>9,715.21</b>	<b>7,437.44</b>

a. The Company has forfeited 10,08,400 equity share of Rs 10/- each (on 21.4.2003) and 19,00,000 convertible share warrants having paid up value of Re 1/- each (on 19.4.2010)

### Movement in Other Equity

(₹ In Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Retained Earning</b>		
Opening Balance	6,700.18	5,193.89
Add: Comprehensive Income for the year	2,385.60	1,636.27
Less: Dividend Paid	(107.83)	(107.82)
Less: Dividend Distribution Tax		(22.16)
<b>Closing Balance</b>	<b>8,977.95</b>	<b>6,700.18</b>
<b>Securities Premium Reserve</b>		
Opening Balance	695.31	382.75
Add: Comprehensive Income for the year		312.56
<b>Closing Balance</b>	<b>695.31</b>	<b>695.31</b>
<b>Share Forfeiture Account</b>		
Opening Balance	41.95	41.95
Add: Comprehensive Income for the year		
<b>Closing Balance</b>	<b>41.95</b>	<b>41.95</b>

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

By Order of the Board  
For RACL Geartech Limited

MANJU AGARWAL  
(Partner)  
M.No :083878

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

JAGDISH KESWANI  
(Director)  
DIN: 02146267

SHASHANK RAMESH ANIKHINDI  
(Director)  
DIN : 07787889

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
UDIN: 21083878AAAABA1355

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

RAKESH KAPOOR  
(Director)  
DIN : 00015358

ANIL SHARMA  
(Director)  
DIN : 00157911

NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

HPS BEDI  
(Director)  
DIN : 05217488

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

## Notes to the Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
<b>Non Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>Borrowings</b>			
<b>Secured Loans</b>			
Term Loan from Bank	13	5743.95	3,678.97
Less: Unamortised Borrowing Cost		(60.93)	(27.34)
Less: Current Maturities of Term Loan		(1,599.82)	(1,084.42)
	13.a.	4,083.20	2,567.21
Car Loan	(i)	56.20	37.52
Less: Current Maturities of car Loan		(16.12)	(19.30)
	(ii)	40.08	18.22
	1((i)+(ii))	4,123.28	2,585.43
<b>Unsecured</b>			
Term Loan from Financial Institutions/ Banks	13.b.	1369.09	627.38
Less: Current Maturities of loan from FI		(319.38)	(139.40)
	2	1,049.71	487.98
<b>Total (1+2)</b>		5,173.00	3,073.42
<b>Other Non current Financial Liabilities</b>			
Lease Liabilities	14	338.87	407.27
Less: Current Maturities of Lease Liabilities		107.13	105.18
<b>Total</b>		231.74	302.09
<p>1. Secured Term Loans from banks have been guaranteed by Whole Time Directors.</p> <p>2. Maturity Profile of Secured Term Loans and Other Loans are as under :</p> <ul style="list-style-type: none"> <li>- FY 21-22 16.87 Crores</li> <li>- FY 22-23 18.89 Crores</li> <li>- FY 23-24 15.97 Crores</li> <li>- FY 24-25 12.26 Crores</li> <li>- FY 25-26 7.40 Crores</li> </ul> <p>3. Loans from bank of India, Noida Branch, IndusInd Bank Ltd, Citibank, and RBL Bank are secured on PariPassu Basis in the following Manner:</p> <ul style="list-style-type: none"> <li>- First charge by way of Hypothecation on entire Stocks and Book Debts of the Company</li> <li>- First Charge over entire Fixed Assetsof the company excluding Land and Building &amp; vehicle (Both Present &amp; Future)</li> <li>- Extention of EQM of Comapny's Land and Building at Gajraula U.P.</li> </ul> <p>The above Loans are also secured by personal guarantee (Joint and Several) of Shri Gursharan Singh and Shri D.R. Arya Loans from Tata Capital and Siemens Financial Services are secured by fixed charges on the specific Assets financed. The Current Maturities of Long Term Debt have been shown as Current Liabilites under Note No. 20</p> <p>4. Unsecured Loans from Financial Institutions and Banks include Loan from Foreign Bank UBS(AG)- Switzerland &amp; Luzerner Kantonal Bank - Switzerland in CHF currency. Maturity Profile of Unsecured term Loans and Other Loans in INR are as under:</p> <ul style="list-style-type: none"> <li>- FY 21-22 3.19 Crores</li> <li>- FY 22-23 3.19 Crores</li> <li>- FY 23-24 2.90 Crores</li> <li>- FY 24-25 2.20 Crores</li> <li>- FY 25-26 1.80 Crores</li> <li>- FY 26-27 0.46 Crores</li> </ul>			

(₹ in Lakh)

<b>(b) Long Term Provisions</b>	15		
Gratuity		615.30	620.13
Leave Encashment		75.64	77.77
<b>Total</b>		690.94	697.90
<b>(c) Deferred tax liabilities (Net)</b>	16		
Deferred tax liabilities		823.09	1053.95
Less: Deferred tax assets		(292.02)	(359.07)
Less Mat Credit Entitlement			
<b>Total</b>		531.07	694.89
<b>(d) Other Non- Current Liabilities</b>	17		
Long Term Advances from Customers		73.50	150.78
Less: Current Maturities of Long Term Advances from Customers		(73.50)	(70.85)
<b>Total</b>		-	79.93
<b>Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>(i). Secured Borrowings</b>	18		
<b>a. Loans repayable on demand</b>			
from banks		2077.66	1883.50
<b>Total a.</b>		2,077.66	1,883.50
<b>b. Bill Discounting Facility</b>		1433.91	2483.43
<b>Total b.</b>		1,433.91	2,483.43
<b>Total (ia) {a.+b.}</b>		3,511.57	4,366.92
1. Loans from Bankof India, Standard Chartered Bank, Indusind Bank Ltd, Citibank and RBL Bank are secured on PariPassu Basis in the following Manner:			
- First charge by way of Hypothecation on entire stock and Book Debt of the Company			
- First Charge over entire Fixed Assets of the company excluding Land and Building & vehicle (Both Present & Future)			
- Extension of EQM of Comapny's Land and Building at Gajraula U.P.			
The above Loans are also secured by personal guarantee (Joint and Several) of Shri Gursharan Singh and Shri D.R. Arya			
The Company has taken an advance of Rs 1433.91 lakh from RBL Bank & Citibank which are secured in the following manner:			
- First Charge on Trade Receivables as per the sanctioned terms			
- Second charge on the entire current movable & Fixed Assets of the company			
- Personal Guarantee of Mr Gursharan Singh & Mr D.R Arya			
<b>ii. Trade payables</b>	19		
Due to other than SSIs/MSME		2810.85	1898.73
Due to Related Parties		6.00	4.81
Add: Cheques issued but not present in the bank		0.00	0.42
<b>Total</b>		2,816.85	1,903.96

(₹ in Lakh)

<p>1. According to records available by the company overdues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is Nil (previous year Nil). Further no interest has been paid or was payable to such parties under the said Act during the year.</p> <p>2. Dues to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.</p>		
<b>iii. Other Financial liabilities - Current</b>	20	
Current maturities of Long-term debt		
Current Maturities of Term Loan	1599.82	1084.42
Current Maturities of Car Loan	16.12	19.30
Current Maturities of Loan from Financial Institution	319.38	139.40
Current Maturities of Lease Liability	107.13	105.18
Payable to Staff	0.00	0.00
Salary & Wages	90.68	41.16
Other payables	788.80	791.96
<b>Total</b>	<b>2,921.93</b>	<b>2,181.42</b>
<b>(b) Other Current liabilities</b>	21	
i Statutory Dues		
Tax Collection At Source	1.35	0.05
TDS Payable	29.84	22.85
GST Payable	11.15	8.79
ESI & PF Payable	7.50	7.03
ii Advance received from Customers	46.52	142.60
iii Current Maturities of Long Term Advances from Customers	73.50	70.85
iv Unpaid Interim Dividend (2019-20-21)	11.49	5.38
<b>Total</b>	<b>181.35</b>	<b>257.54</b>
<b>(c) Short Term Provisions</b>	22	
Gratuity Short term	108.40	100.13
Leave Encashment Short Term	21.97	27.76
<b>Total</b>	<b>130.37</b>	<b>127.89</b>
<b>(d) Current Tax Liabilities (Net)</b>	23	
Income Tax Payable	838.59	558.10
Less : Advance Taxes including TDS & TCS	(692.19)	(532.64)
<b>Total</b>	<b>146.40</b>	<b>25.46</b>

## Notes to Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2021

### Revenue From Operations

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Products - Domestic		4642.09	6102.01
Sale of Products - Export	24	14794.50	14237.49
Other Operating Revenue		924.69	893.42
<b>Total</b>		<b>20,361.28</b>	21,232.92

### Other Income

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Fixed Deposits with Banks		28.35	24.25
Discount on Advance paid to Supplier		31.23	25.35
Other Non Operating Income		2.24	2.00
Profit From Sales of Fixed Assets	25	35.45	0.00
Foreign Exchange Rate Fluctuation Net Gain		314.44	0.00
<b>Total</b>		<b>411.72</b>	51.61

### Cost of Raw Material

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Opening Stock		427.59	494.73
Add: Purchases	26	6137.56	7,009.56
Less: Closing Stock		(676.32)	(427.59)
<b>Total</b>		<b>5,888.83</b>	7,076.70

### Change in Inventories

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
<b>Closing Stock</b>			
Finished Goods		188.86	246.38
Material in Transit		245.08	484.68
Work in Progress		814.05	727.47
		<b>1,247.98</b>	1,458.52

(₹ in Lakh)

<b>Less:</b>			
<b>Opening Stock</b>			
Finished Goods	27	246.38	121.25
Material in Transit		484.68	349.99
Work in Progress		727.47	725.83
		<b>1,458.52</b>	1,197.07
<b>(Inc)/Dec in stock</b>		<b>210.54</b>	(261.45)

### Employee Benefits Expenses

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Salary & Incentives		1976.61	2041.78
Employer's Contribution to Provident Fund		37.48	37.43
Gratuity Contribution	28	89.88	84.45
Leave Encashment		11.14	11.68
Directors Remuneration		203.71	198.67
Staff Welfare Expenses		139.77	88.49
<b>Total</b>		<b>2,458.60</b>	2,462.50

### Finance Cost

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expense		759.48	717.69
Foreign Exchange Rate Fluctuation Net Loss	29	0.00	30.52
Other Finance Cost		87.58	96.01
<b>Total</b>		<b>847.06</b>	844.22

### Depreciation and Amortisation

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation	30	1634.04	1120.36
Amortisation		7.90	7.37
<b>Total</b>		<b>1,641.94</b>	1,127.73

## Other Expenses

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020	
Stores & Spares Consumed		645.13	681.62	
Packing Material Consumed		417.56	403.98	
Loose Tools Consumed		744.02	991.48	
Power, Oil & Lubricants & LPG for furnace		1232.72	1,351.33	
Repairs & Maintenance (Plant & Machinery)		188.95	209.88	
Job Work & Other Contractual Cost		1990.92	2,484.63	
Customs Duty		47.32	25.59	
Others		26.04	13.36	
Assets Written Off		0.00	49.89	
Impairment Loss		0.00	102.77	
		<b>5,292.67</b>	6,314.54	
<b>Total</b>		<b>5,292.67</b>	6,314.54	
Travelling & Conveyance	31	31.39	102.64	
Vehicle Running and Maintenance		64.14	70.52	
Telephone, Telex & Communication		23.33	23.46	
Repairs & Maintenance - Buildings		35.02	32.41	
Repairs & Maintenance - Others		20.23	20.98	
Freight & Forwarding		603.16	583.03	
Rework & Other Charges on Sales		104.29	27.31	
Loss on Sale of Faulty Goods		26.30	130.66	
Warehouse Charges		96.91	86.15	
Austrian Subsidiary Services		73.30	39.56	
UPSIDC Maintenance Charges		27.53	49.02	
Directors Sitting Fees		11.90	11.71	
Insurance		63.18	57.51	
Loss From Sales of Fixed Assets		0.00	8.93	
Printing & Stationary		19.56	28.81	
Electricity & Water		11.64	12.78	
Legal & Professional Fees (Including Statutory Audit Fees*)		142.57	141.73	
Misc Expenses		66.01	102.25	
<b>Total</b>			<b>1,420.47</b>	1,529.46
<b>Total</b>			<b>6,713.14</b>	7,844.00

## \*Payments to Statutory Auditors

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
(a) Statutory Audit Fee		4.50	3.20
(b) Other Services		1.70	3.15
<b>Total</b>		<b>6.20</b>	6.35

## Notes to the Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2021

### 32 Disclosure pursuant to Ind AS 33 “Earnings per share”

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 “Earnings per share”.

Particulars	Unit	As at March 31, 2021	As at March 31, 2020
<b>Earnings Per Equity Share:</b>			
Profit for the year attributable to owners of the Company	Rupees	2,385.60	1,636.27
Weighted average number of equity shares outstanding for calculating basic earnings per share	Numbers	107.82	106.74
<b>Basic Earnings per Share</b>	Rupees	22.13	15.33

### 33 Disclosure pursuant to Ind AS 19 “Employee Benefit”

The details of various employee benefit provided to employee areas under:

#### Defined Benefit Plans

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

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

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

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

**Salary Risk** Higher than expected increases in salary will increase the defined benefit obligation.

The most recent actuarial valuation for determining present value of the defined benefit obligation were carried out as at March 31, 2021 by Mr. I Sambasavi Rao (Membership no. 158), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumption used for the purpose of the actuarial valuations were as follows:-

#### A. Gratuity

(₹ in Lakh)

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
<b>Reconciliation of opening &amp; closing balances of PV of defined benefit obligation</b>		
Opening defined benefit obligation	720.26	602.59
Current service Cost	39.47	39.37
Interest Cost on Benefit Obligation	50.42	41.32
Prior service cost-Vested benefit		
Net Actuarial gain/loss recognized during the year	(47.48)	61.70
Benefits paid	(38.97)	(24.72)
<b>Closing defined benefit obligation</b>	<b>723.70</b>	<b>720.26</b>



(₹ in Lakh)

<b>Current Liabilities</b>	<b>108.40</b>	100.13
<b>Non Current Liabilities</b>	<b>615.30</b>	620.12
<b>Expenses recognized in the statement of P&amp;L Account</b>		
Current Service Cost	39.47	39.37
Interest Cost on Benefit Obligation	50.42	41.32
<b>Defined Benefit Cost included in P&amp;L</b>	<b>89.89</b>	80.69
Total Remeasurement in OCI	(47.48)	61.70
<b>Total Defined Benefit Cost recognised in P&amp;L and OCI</b>	<b>42.41</b>	142.39
<b>Summary of Actuarial Assumptions</b>		
<b>Retirement Age</b>		
Discount Rate	6.90%	7.00%
Salary Escalation	6.00%	6.00%
Attrition Rate	58 Years	58 Years
Average Future Service	18.21	18.22
Mortality Table	IALM (2012-14) Table Ultimate	IALM (2006-08) Table

### Change in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Fair Value of Plan Assets at beginning of year	-	-
Interest Income	-	-
Employer Contributions	-	-
Employer Direct Benefit Payments	38.97	24.71
Employer Direct Settlement Payments	-	-
Benefit Payments from Plan Assets	-	-
Benefit Payments from Employer	(38.97)	(24.71)
<b>Settlement Payments from Plan Assets</b>	-	-
<b>Settlement Payments from Employer</b>	-	-
<b>Other (Employee Contribution, Taxes, Expenses)</b>	-	-
Increase / (Decrease) due to effect of any business	-	-
Increase / (Decrease) due to Plan combination	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	-	-
Fair Value of Plan Assets at end of year	-	-
Weighted Average Asset Allocations at the year end		
<b>Equities</b>	-	-
Bonds	-	-
Gilts	-	-
Insurance Policies	-	-
<b>Total</b>	<b>0%</b>	<b>0%</b>

## Components of Defined Benefit Cost

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
<b>Current Service Cost</b>	<b>39.47</b>	39.37
Past Service Cost	-	-
(Gain) / Loss on Settlements	-	-
Reimbursement Service Cost	-	-
<b>Total Service Cost</b>	<b>39.47</b>	39.37
Interest Expense on DBO	<b>50.42</b>	41.32
Interest (Income) on Plan Assets	-	-
<b>Interest (Income) on Reimbursement Rights</b>	-	-
Interest Expense on (Asset Ceiling) / Onerous Liability	-	-
<b>Total Net Interest Cost</b>	<b>50.42</b>	41.32
Reimbursement of Other Long Term Benefits	-	-
<b>Defined Benefit Cost included in P &amp; L</b>	<b>89.89</b>	80.69
Remeasurements - Due to Demographic Assumptions	-	-
Remeasurements - Due to Financial Assumptions	<b>4.37</b>	28.99
Remeasurements - Due to Experience Adjustments	<b>(51.85)</b>	32.70
<b>(Return) on Plan Assets (Excluding Interest Income)</b>	-	-
(Return) on Reimbursement Rights	-	-
Changes in Asset Ceiling / Onerous Liability	-	-
Total Remeasurements in OCI	<b>(47.48)</b>	61.70
<b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b>	<b>42.40</b>	142.38
Discount Rate	<b>6.90%</b>	7.00%
Salary Escalation Rate	<b>6.00%</b>	6.00%

## Amounts recognized in the Statement of Financial Position

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
<b>Defined Benefit Obligation</b>	<b>723.70</b>	720.26
Fair Value of Plan Assets	-	-
Funded Status - Short / (Excess)	<b>723.70</b>	720.26
Effect of Asset Ceiling / Onerous Liability	-	-
<b>Net Defined Benefit Liability / (Asset)</b>	<b>723.70</b>	720.26

## Summary of Financial & Demographic Assumptions

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Discount Rate	<b>6.90%</b>	7.00%
Salary Escalation - First 5 Years	<b>6.00%</b>	6.00%
Salary Escalation - After 5 Years	<b>6.00%</b>	6.00%
Expected Rate of Return on Plan Assets	<b>N/A</b>	N/A
Mortality Table	<b>IALM (2012-14) Table Ultimate</b>	

Disability Rate	5% of Mortality Rate	5% of Mortality Rate
Retirement Age	58 Years	58 Years
Average Future Service	18.21	18.22

## B. LEAVE ENCASHMENT

(₹ in Lakh)

Particulars	Leave Encashment	
	As at March 31, 2020	As at March 31, 2019
Reconciliation of opening & closing balances of PV of defined benefit obligation	105.53	103.89
Opening defined benefit obligation		
Current service Cost	15.59	7.53
Interest Cost on Benefit Obligation	7.39	6.91
Prior service cost-Vested benefit		
Net Actuarial gain/loss recognized during the year	(12.08)	(2.44)
Benefits paid	(18.81)	(10.36)
Closing defined benefit obligation	97.62	105.53
<b>Current Liability</b>	<b>21.97</b>	<b>27.76</b>
<b>Non Current Liability</b>	<b>75.64</b>	<b>77.77</b>
<b>Expenses recognized in the statement of P&amp;L Account</b>		
Current Service Cost	15.59	7.53
Interest Cost on Benefit Obligation	7.39	6.91
<b>Defined Benefit Cost included in P&amp;L Account</b>	<b>22.98</b>	<b>14.44</b>
Total Remeasurement in OCI	(12.08)	(2.44)
<b>Total Defined Benefit Cost recognised in P&amp;L and OCI</b>	<b>10.90</b>	<b>12.00</b>
<b>Summary of Actuarial Assumptions</b>		
<b>Retirement Age</b>		
Discount Rate	6.90%	7.00%
Salary Escalation	6.00%	6.00%
Retirement Age	58 Years	58 Years
Average Future Service	17.29	17.75
Mortality Table	IALM (2012-14) Table Ultimate	IALM (2006-08) Table

## Change in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Fair Value of Plan Assets at beginning of year	-	-
Interest Income	-	-
Employer Contributions	-	-
Employer Direct Benefit Payments	18.81	10.36

Employer Direct Settlement Payments	-	-
Benefit Payments from Plan Assets	-	-
Benefit Payments from Employer	(18.81)	(10.36)
<b>Settlement Payments from Plan Assets</b>	-	-
<b>Settlement Payments from Employer</b>	-	-
<b>Other (Employee Contribution, Taxes, Expenses)</b>	-	-
"Increase / (Decrease) due to effect of any business combination / divestiture / transfer"	-	-
<b>Increase / (Decrease) due to Plan combination</b>	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	-	-
Fair Value of Plan Assets at end of year	-	-
Weighted Average Asset Allocations at the year end		
<b>Equities</b>	-	-
Bonds	-	-
<b>Gilts</b>	-	-
Insurance Policies	-	-
<b>Total</b>	0%	0%

### Components of Defined Benefit Cost

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
<b>Current Service Cost</b>	15.59	7.53
Past Service Cost	-	-
(Gain) / Loss on Settlements	-	-
Reimbursement Service Cost	-	-
<b>Total Service Cost</b>	15.59	7.53
Interest Expense on DBO	7.39	6.91
Interest (Income) on Plan Assets	-	-
<b>Interest (Income) on Reimbursement Rights</b>	-	-
<b>Interest Expense on (Asset Ceiling) / Onerous Liability</b>	-	-
<b>Total Net Interest Cost</b>	7.39	6.91
<b>Reimbursement of Other Long Term Benefits</b>	-	-
<b>Defined Benefit Cost included in P &amp; L</b>	22.98	14.44
Remeasurements - Due to Demographic Assumptions		
Remeasurements - Due to Financial Assumptions	0.60	4.13
Remeasurements - Due to Experience Adjustments	(12.68)	(6.57)
<b>(Return) on Plan Assets (Excluding Interest Income)</b>	-	-
(Return) on Reimbursement Rights	-	-
<b>Changes in Asset Ceiling / Onerous Liability</b>	-	-
<b>Total Remeasurements in OCI</b>	(12.08)	(2.44)
<b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b>	10.90	12.00
<b>Discount Rate</b>	6.90%	7.00%
<b>Salary Escalation Rate</b>	6.00%	6.00%

## Amounts recognized in the Statement of Financial Position

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Defined Benefit Obligation	97.62	105.53
Fair Value of Plan Assets	-	-
Funded Status - Short / (Excess)	97.62	105.53
Effect of Asset Ceiling / Onerous Liability	-	-
Net Defined Benefit Liability / (Asset)	97.62	105.53

## Summary of Financial & Demographic Assumptions

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Discount Rate	6.90%	7.00%
Salary Escalation - First 5 Years	6.00%	6.00%
Salary Escalation - After 5 Years	6.00%	6.00%
Expected Rate of Return on Plan Assets	N/A	N/A
Mortality Table	IALM (2012-14) Table Ultimate	
Disability Rate	5% of Mortality Rate	5% of Mortality Rate
Retirement Age	58 Years	58 Years
Average Future Service	17.29	17.75

## C. SENSITIVITY ANALYSIS

A quantitative sensitivity analysis for significant assumptions as 31st March 2021

Particulars	Gratuity Plan	
	Change in Assumptions	Impact on Defined Benefit Obligation
	Increase/ (Decrease)	Increase/ Decrease in Assumptions
UNDER BASE SCENARIO		72,026,321
	%	₹
SALARY ESCALATION	1.00%	770.58
	-1.00%	681.57
WITHDRAWAL RATES	1.00%	725.96
	-1.00%	721.17
DISCOUNT RATES	1.00%	683.42
	-1.00%	769.11

## C. RISKS ASSOCIATED WITH DEFINED BENEFIT PLAN

Where there is a benefit being promised and benefit being provided, there will always be some uncertainty for the benefit provider and the benefit recipient.

## Benefit Risks in Defined Benefit Schemes

### 1. Risk to the beneficiaries (i.e. for employees)

Insufficient funds: The greatest risk to the beneficiary is that there are insufficient funds available to provide the promised benefits.

This may be due to :

- The insufficient funds set aside, i.e. underfunding
- The insolvency of the Employer
- The holding of investments which are not matched to the liabilities; Or
- A combination of these events

Changes to tax rates or status

### 2. Risks to the Benefit provider (i.e. for employer)

Parameter risk: Actuarial valuation is done basis some assumptions like salary inflation, discount rate and withdrawal assumptions. In case the actual experience varies from the assumptions, fund may be Insufficient to pay off the

For example: Suppose the plan's liability is calculated with salary inflation assumption of 5% per annum. However, Company's' actual practice is to provide increment of 10% per annum. This will result into underfunding.

Similarly, reduction in discount rate in subsequent future years can increase the plan's liability. Further, actual withdrawals may be lower or higher than what was assumed in the valuation, which may also impact the plan's liability.

Risk of illiquid assets: Another risk is that the funds, although sufficient, are not available when they are required to finance the benefits. This may be due to assets being locked for longer period or in illiquid assets.

Risk of benefit change: There may be a risk that a benefit promised is changed or is changeable within the terms of the contract. For e.g. the prevailing Act / Regulation may increase the benefits payable under defined benefit plans.

Asset liability mismatching risk: ALM risk arises due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates or due to different duration.

For example: When the liability duration is, say, 10 years and with assets locked in 5-year g-sec securities. After 5years, there is huge reinvestment risk to invest maturity proceeds of assets due to uncertainty about the market prevailing yields at that time.

## 34 Disclosure of Segmental reporting pursuant to Ind AS 108 "Segmental Reporting"

The Company is engaged in manufacturing of Automotive Components meant for two wheeled, three wheeled and four wheeled Vehicles. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting Systems. The company has structured its operations into single operating segment geographic distribution of however based on the activities, the chief operating decision maker identified India and outside India as two geographical segments.

(₹ in Lakh)

Revenue from Customers	As at Mar 31, 2021	As at Mar 31, 2020
Within India	4642.09	6102.01
Outside India		
AUSTRIA	6211.03	6444.05
JAPAN	3242.24	2645.08
GERMANY	4047.05	3913.01
SWITZERLAND	796.25	786.68
ITALY	301.75	103.63
VIETNAM	3.39	6.96
HUNGARY	0.00	336.18
CHINA	192.79	1.89
<b>Total Outside India</b>	<b>14794.50</b>	<b>14237.49</b>

### 35 Disclosure of Related parties / Related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

#### A. List of Related Parties

##### Wholly Owned Subsidiary

Name of the Subsidiary	Country	Holding As at March 31, 2021
RACL Geartech GmbH	Austria	100%

Name of the Key Management Personnel	Designation
Mr Gursharan Singh	Chairman and Managing Director
Mr Dev Raj Arya	Director & CFO
Ms. Shagun Bajpai	Company Secretary

Name of the Directors	
Mr Gursharan Singh	Chairman and Managing Director
Mr Dev Raj Arya	Director & CFO
Mr. Anil Sharma	Non- Executive Director
Mrs. Narinder Paul Kaur	Non- Executive Director
Mr. Rakesh Kapoor	Independent Director
Mr. Shashank Ramesh Anikhindi	Independent Director
Mr. Jagdish Keswani	Independent Director
Mr. H.P.S. Bedi	Independent Director
Mr. Raj Kumar Kapoor (Retired wef 29/09/2020)	Independent Director

##### Names of Relatives of KMPs with whom transactions have taken place during the year:-

Name of Relatives of Key Managerial Personnel	Relations
Mrs. Narinder Paul Kaur (Non-Executive Director)	Wife of Mr. Gursharan Singh
Mr. Prabh Mehar Singh	Son of Mr. Gursharan Singh

During the current as well as previous year, the Company did not have any related party transaction with any enterprise wherein any director has any significant influence.

## B. Transactions with related parties:

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Business Support Services of Racl Geartech Gmbh - Austria	73.30	39.56
Remuneration and Perks - Key Managerial Personnel & Directors	264.29	237.48
Remuneration and Perks - Relatives of Key Managerial Personnel	17.63	19.01
Directors Sitting Fees	11.90	11.71

Payments made to Racl Geartech Gmbh - Austria for ₹ 73.30 Lakh for Business Support Services rendered during the year. An investment made for ₹ 14.19 Lakh by the Company.

Remuneration & Perks include payment to Mr. Gursharan Singh, Chairman & Managing Director ₹ 159.33 Lakh (Prev Year ₹ 142.18Lakh), Mr. Dev Raj Arya, Director & CFO ₹ 61.05 Lakh (Prev Year ₹ 59.65Lakh) Directors & KMP's of the company

Ms. Shagun Bajpai, Company Secretary ₹ 7.91 Lakh (Prev Year ₹ 1.52 Lakh), KMP's of the company

Remuneration & Perks paid to Mrs. Narinder Paul Kaur ( as retainership fees), ₹ 18 Lakh (Prev Year ₹ 18 Lakh) and Mr. Anil Sharma, Non-Executive Director ₹18 Lakh (Prev ₹ 9.10 Lakh), Directors of the company

Mr. Prabh Mehar Singh ₹ 17.63 Lakh (Prev year ₹ 19.01 Lakh), Relatives of Key Managerial Person.

### Directors Sitting Fees

(₹ in Lakh)

Name of the Directors	As at Mar 31, 2021	As at Mar 31, 2020
Mr. Anil Sharma	1.65	3.40
Mrs. Narinder Paul Kaur	1.25	1.15
Mr. Rakesh Kapoor	2.95	3.16
Mr. Shashank Ramesh Anikhindi	2.20	2.45
Mr. Jagdish Keswani	2.00	0.60
Mr. H.P.S. Bedi	1.05	0.00
Mr. Raj Kumar Kapoor (Retired wef 29/09/2020)	0.80	0.95
<b>TOTAL</b>	<b>11.90</b>	<b>11.71</b>

## C. Closing Balances with related parties:

(₹ in Lakh)

Name of the Subsidiary	Outstanding As at March 31, 2021		Outstanding As at March 31, 2020	
	Receivable	Payable	Receivable	Payable
RACL Geartech Gmbh - Austria	0.00	6.00	2.88	4.81
	Investment in Equity As at March 31, 2020		Investment in Equity As at March 31, 2019	
	14.19		14.19	

(₹ in Lakh)

Name of the Key Management Personnel	Outstanding As at March 31, 2021		Outstanding As at March 31, 2020	
	Receivable	Payable	Receivable	Payable
Mr. Gursharan Singh	-	48.77	-	34.95



## Financial Instruments

### 36 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

The capital structure of the company consists of debt (long term borrowings and short term borrowings), capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders

#### 36.1 Gearing Ratio

The gearing ratio at the end of the reporting period was as follows (₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Debt	10,680.82	8,710.80
Cash and Bank Balances	88.31	65.78
Net Debt (i)	10,592.50	8,645.03
Equity (ii)	10,793.37	8,515.60
Net Debt To Equity Ratio	0.98	1.02

#### 36.2 Cash and cash equivalents

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Balances with banks	67.54	48.36
Unpaid Dividend Bank A/c	11.49	5.38
Cash in hand	9.29	12.04
Total	88.31	65.78

#### Changes in liabilities arising from financing activities

Particulars	As At Mar 31, 2021	Cash Flow	NON CASH		As At Mar 31, 2020
			Foreign Exchange Movements	Fair Value Changes	
Non current borrowings	5173.00	2099.58	-	-	3073.42
Current borrowings	3511.57	(855.35)	-	-	4366.92
<b>Total liabilities from financing activities</b>	<b>8,684.57</b>	<b>1,244.23</b>	<b>-</b>	<b>-</b>	<b>7,440.34</b>

### 36.2 Cash and cash equivalents

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Company monitors NET Debt to EBITDA ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by EBITDA (Profit before tax plus depreciation and amortization expense plus finance costs). The Company's strategy is to ensure that the Net Debt to EBITDA is managed at an optimal level considering the above factors. The Net Debt to EBITDA ratios were as follows:

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Net Debt	10,592.50	8,645.03
EBITDA	5501.89	4162.78
Net Debt to EBITDA	1.93	2.08

#### (b) Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants and the Company has complied with those covenants throughout the reporting period.

#### (c) Dividends

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
On Equity shares of ₹ 10/- each		
Final dividend		
Amount of dividend paid (pertains to previous financial year)	-	-
Dividend per equity share	-	-
Interim Dividend		
Amount of dividend paid	107.83	107.82
Dividend per equity share	1.00	1.00

### 37. Categories of Financial Instruments

(₹ in Lakh)

Financial instruments by categories	31.03.2021			31.03.2020		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset						
Non-Current Financial Asset						
Security Deposit	-	-	209.31	-	-	192.82
Current Financial Asset						
i.Trade receivables	-	-	5,518.91	-	-	5,374.30
ii.Cash and cash equivalents	-	-	88.31	-	-	65.78
iii.Other Financial asset	-	-	471.95	-	-	475.83

<b>Total Financial Asset</b>	-	-	<b>6,288.48</b>	-	-	<b>6,108.72</b>
<b>Financial liability</b>						
<b>Non-Current Financial Liabilities</b>						
Borrowings	-	-	<b>5,173.00</b>	-	-	3,073.42
Other	-	-	<b>231.74</b>			302.09
<b>Current Financial Liabilities</b>						
i. Borrowings	-	-	<b>5,507.82</b>	-	-	5,637.39
ii. Trade payables	-	-	<b>2,816.85</b>	-	-	1,903.96
iii. Current maturities of lease	-	-	<b>107.13</b>			105.18
iv. Other financial liabilities	-	-	<b>879.48</b>		-	833.12
<b>Total Financial Liabilities</b>	-	-	<b>14,716.02</b>	-	-	<b>11,855.15</b>

### 38 Fair value of Financial Assets and Liabilities at amortized cost

(₹ in Lakh)

Financial instruments by categories	31.03.2021		31.03.2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial asset</b>				
<b>Non-Current Financial Asset</b>				
Security Deposit	209.31	209.31	192.82	192.82
<b>Current Financial Asset</b>				
i. Trade receivables	5,518.91	5,518.91	5,374.30	5,374.30
ii. Cash and cash equivalents	88.31	88.31	65.78	65.78
iii. Other Financial asset	471.95	471.95	475.83	475.83
<b>Total Financial Asset</b>	<b>6,288.48</b>	<b>6,288.48</b>	<b>6,108.72</b>	<b>6,108.72</b>
<b>Financial liability</b>				
<b>Non-Current Financial Liabilities</b>				
Borrowings	5,173.00	5,173.00	3,073.42	3,073.42
<b>Current Financial Liabilities</b>				
i. Borrowings	5,507.82	5,507.82	5,637.39	5,637.39
ii. Trade payables	2,816.85	2,816.85	1,903.96	1,903.96
iii. Other financial liabilities	879.48	879.48	833.12	833.12
<b>Total Financial Liabilities</b>	<b>14,377.15</b>	<b>14,377.15</b>	<b>11,447.88</b>	<b>11,447.88</b>

The carrying amount of financial assets/liabilities including trade receivables and payables and others; measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

The Fair values are all measured at Level 3

### 39 Financial Risk Management Objectives

The company's activities expose it to variety of financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed annually to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

#### A Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

##### i) Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in the several countries and purchases from overseas suppliers in various foreign currencies.

The company has incurred expenditure in Foreign Currency (₹ in Lakh)

Particulars	FY 2020-21	FY 2019-20
Raw Material/Tools/Machines	3,206.61	1,540.54
Foreign Travelling & Services	225.00	139.09
Interest	20.34	13.30

The company has incurred expenditure in Foreign Currency (₹ in Lakh)

Particulars	FY 2020-21	FY 2019-20
Export of Goods on FOB basis	14,698.45	14,199.90

The foreign currency risk from financial instruments as at Mach 31, 2021 is as follows: (₹ in Lakh)

Particulars	As on 31.03.2021								
	USD	EURO	CHF	GBP	Yuan	JPY	Thai Baht	Hong Kong Dollar	Canadian Dollar
Cash & Cash Equivalents (INR)	0.88	0.32	0.41	0.08	0.43	0.13	0.05	0.02	0.06
Trade Receivables (INR)	3903.94	417.64							
Trade Payables (INR)	6.54	17.74	7.87						
Interest Payables (INR)			7.30						

Borrowings in Foreign Currency (INR)	2603.98	82.66	1,369.09						
Total	6515.34	518.36	1384.67	0.08	0.43	0.13	0.05	0.02	0.06

The foreign currency risk from financial instruments as at March 31, 2020 is as follows: (₹ in Lakh)

Particulars	As on 31.03.2021								
	USD	EURO	CHF	GBP	Yuan	JPY	Thai Baht	Hong Kong Dollar	Canadian Dollar
Cash & Cash Equivalents (INR)	0.90	0.31	0.42	0.07	0.41	0.14	0.05	0.02	0.05
Trade Receivables (INR)	3818.45	165.84							
Trade Payables (INR)		20.76	8.32						
Interest Payables (INR)			4.25						
Borrowings in Foreign Currency (INR)	2834.66	62.29	487.99						
Total	6654.01	249.20	500.98	0.07	0.41	0.14	0.05	0.02	0.05

Particular of unhedged foreign exposure as at the reporting date (Net exposure to foreign currency risk)

Particulars	March 31, 2021		March 31, 2020	
	Payable / (Receivable)		Payable / (Receivable)	
	Amount in Foreign Currency in Lakh	Amount (₹ In Lakh)	Amount in Foreign Currency in Lakh	Amount (₹ In Lakh)
USD	(17.60)	(1,293.42)	(13.05)	(983.79)
EURO	(3.68)	(317.24)	(1.00)	(82.79)
CHF	17.82	1,384.26	6.39	500.56

Sensitivity analysis based on average outstanding Foreign currency loan (₹ in Lakh)

Particulars	Impact on profit/ loss after tax	
	FY 2020-21	FY 2019-20
Increase or decrease in exchange rate by ₹1	3.74	7.94

Note: Profit will increase in case of decrease in foreign currency rate and vice versa

## ii) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	FY 2020-21	FY 2019-20
Debt from Banks/FIs - Variable rate borrowings	10,680.82	8,710.80

Sensitivity analysis based on average outstanding Debt

(₹ in Lakh)

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2020-21	FY 2019-20
Increase or decrease in interest rate by 25 basis points	24.24	21.62

Note: Profit will increase in case of decrease in interest rate and vice versa

## B Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

(₹ in Lakh)

As at March 31, 2021	Carrying Amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Non Derivative Financial Liability</b>						
Term Loan from Banks	5,743.95	1,599.82	4,144.13			5,743.95
Term Loan from Financial Institutions	1,369.09	319.38	829.00	220.71		1,369.09
Lease Liabilities	446.00	107.13	338.87	-		446.00
Long Term Advances from Customers	73.50	73.50	-			73.50
Car Loan	56.20	16.12	36.75	3.33		56.20
Loan Repayable on Demand	2,077.66	2,077.66				2,077.66
Bill Discounting	1,433.91	1,433.91				1,433.91
Trade Payables	2,816.85	2,816.85				2,816.85
Other Financial Liabilities	-	-				-
<b>Total</b>	<b>14,017.17</b>	<b>8,444.37</b>	<b>5,348.75</b>	<b>224.05</b>	<b>-</b>	<b>14,017.17</b>

The following are the contractual maturities of financial liabilities (₹ in Lakh)

As at March 31, 2020	Carrying Amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Non Derivative Financial Liability</b>						
Term Loan from Banks	3,678.97	1,084.42	2,521.14	73.41		3,678.97
Term Loan from Financial Institutions	627.38	139.40	418.19	69.79		627.38
Loan repayable to Related party	512.45	105.18	219.32	187.95		512.45
Long Term Advances from Customers	150.78	70.85	79.93			150.78
Car Loan	37.52	19.30	18.22			37.52
Loan Repayable on Demand	1,883.50	1,883.50				1,883.50
Bill Discounting	18.22	18.22				18.22
Trade Payables	1,903.96	1,903.96				1,903.96
<b>Other Financial Liabilities</b>	-	-				-
<b>Total</b>	<b>8,812.79</b>	<b>5,224.83</b>	<b>3,256.80</b>	<b>331.15</b>	<b>-</b>	<b>8,812.79</b>

### C) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks. Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

## 40 Expenditure on Corporate Social Responsibility (CSR)

(₹ in Lakh)

Particulars	FY 2020-21	FY 2019-20
a) Gross amount required to be spent for the year	29.55	26.97
Add Shortfall of last year	6.42	0
<b>Total amount required to be spent</b>	<b>35.97</b>	<b>26.97</b>
b) Amount actually spent during the year	32.99	20.55
c) Amount provisioned for ongoing projects	2.98	6.42

## 41. Income tax expense

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current tax</b>		
Current income tax charged	804.09	549.00
Adjustments for current tax of prior years	34.50	9.10
<b>Total current tax expense</b>	<b>838.59</b>	<b>558.10</b>
Decrease/ (increase) in deferred tax Assets/ Liabilities (net)	163.81	65.25
<b>Income tax expense</b>	<b>674.77</b>	<b>492.85</b>

### Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

(₹ in Lakh)

Particulars	As at March 31, 2020	Movement Recognised in Statement of Profit and Loss	As at March 31, 2021
Deferred tax (liabilities)/assets in relation to:			
Property, plant and equipment and Intangible Assets	(1,053.95)	230.86	(823.09)
Defined benefit obligation	359.07	(67.05)	292.02
<b>Deferred Tax Asset / (Liabilities) (Net)</b>	<b>(694.89)</b>	<b>163.81</b>	<b>(531.07)</b>

### Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

(₹ in Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before income tax expense	3012.89	2129.12
Tax at India's tax rate	758.28	620.00
Tax effect of amounts which are not deductible in calculating taxable income (net off exempt income)	447.22	432.53
Tax effect of amounts which are deductible in calculating taxable income	(401.41)	(503.53)
<b>Adjustments for current tax of prior periods</b>	<b>34.50</b>	<b>9.10</b>
<b>Income tax expense</b>	<b>838.59</b>	<b>558.10</b>

## 42 Property, Plant and equipment

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress are stated at cost, net of accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items and the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.



Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

### Depreciation methods and useful lives

Depreciation is calculated using the straight-line method over estimated useful lives of the assets:

Assets	Useful lives (years)*
Leasehold improvements	Over the period of lease or useful life, whichever is lower
<b>Plant &amp; Machinery: Category</b>	
	A 20
	B 15
	C 10
	D 5
	E 3
<b>Electrical Installation : Category</b>	
	A 15
	B 10
	C 5
Building	30
Capital Tool Support	5
Furniture & Fixtures	5
Vehicles	5
<b>Office &amp; Misc. Equipments : Category</b>	
	A 10
	B 5
	C 3

\*Useful life of certain assets are different than the life prescribed under Schedule II to the Companies Act, 2013 and those have been determined based on technical evaluation by the management. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. An item of property, plant and equipment and any significant part initially recognised is derecognised

upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 43 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful live of intangible assets are as follows:

Assets	Useful lives (years)
Software & Licenses	3

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### 44 Contingent liabilities

#### 1. Corporate Guranatees given by the Company on behalf of their Suppliers.

Company has given guarantee/securities under section 186 or other applicable provisions of the Companies Act, 2013, of following amounts for the suppliers of the Company to TATA Capital financial Services Limited and these suppliers are associated with the company for last more than 10 years and they have undertaken to establish additional Job working facility fully dedicated to RACL Geartech Limited:

1. For Global Engineering Works Limited for an amount of ₹ 114 Lakhs.
2. For Hariom Engineering Private Limited for an amount of ₹ 29 Lakhs.
3. Diamento precision Parts Private Limited for an amount of ₹ 40 Lakhs.

#### 2. Income Tax Demands

Demand raised by Income Tax Authorities of ₹ 19.84 Lakh outstanding as on 31/03/2021. The matter is being persued with the Income Tax authorities for necessary rectification and correction.

#### 45 Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

There have been no claimed transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence, reporting details of Principal and Interest does not arise.

#### 46 Previous years figures

Previous years figures have been regrouped/reclassified/recasted wherever necessary.

#### 47 Disclosure Note- IND AS 116

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Company has leases contracts for land and premises. These lease arrangements for land are for a period upto 99 years and for premises are for a period upto 5 years. The Company also has certain leases of machinery and equipments with lease terms of 12 months or less with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The following impacts are recognised in financial position on account of recognition of right of use assets and lease liabilities.

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Right To Use Buildings	285.23	383.46
Right To Use Leasehold - Land	1106.22	1125.29
Current lease liabilities	107.13	105.18
Non-current lease liabilities	338.87	407.27

Amount recognised in statement of profit and loss during the year on account of Ind AS 116

(₹ in Lakh)

Particulars	FY 2020-21	FY 2019-20
Interest expense on lease liabilities (included in finance cost)	30.98	35.19
Depreciation of Right of Use assets	117.30	107.75

## 48 Capital Commitments

The Company entered into purchase contracts for procuring plant and equipments for ₹ 3136.06 Lakh as on 31<sup>st</sup> March 2021 against which advance payments have also been made as mentioned below:-

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Capital Advances	727.17	15.14

## 49 Going concern

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern therefore financials have been prepared on going concern basis.

## 50 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to fulfil its performance obligations under the contract with customers;(ii) revision of estimations of costs to complete the contract because of additional efforts; (iii) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Investments and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future demand of its products. The Company has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered.

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

MANJU AGARWAL  
(Partner)  
M.No :083878

Place: Noida  
Date : 7<sup>th</sup> June, 2021

UDIN: 21083878AAAABS7606

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

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

NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

JAGDISH KESWANI  
(Director)  
DIN: 02146267

RAKESH KAPOOR  
(Director)  
DIN : 00015358

HPS BEDI  
(Director)  
DIN : 05217488

SHASHANK RAMESH ANIKHINDI  
(Director)  
DIN : 07787889

ANIL SHARMA  
(Director)  
DIN : 00157911

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

By Order of the Board  
For RACL Geartech Limited

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

### Report on the audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial Statements of RACL Geartech Limited (hereinafter referred to as “the Holding Company”), which includes unaudited Financial Statements of its subsidiary (incorporated outside India) RACL Geartech GmbH (the Holding Company and its subsidiary together referred to as “the Group”) comprising of the consolidated Balance sheet as at March 31, 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 notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors’ responsibilities for the audit of the Consolidated Financial Statements section of

our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key audit matters	How our audit addressed the key audit matter
<b>A. Foreign currency risk (Refer Note 39)</b>	
<p>Transaction exposure arises due to the timing difference between an entitlement to receive money from a customer and the actual physical receipt of the money or, in the case of a payable, the time between placing the purchase order and settlement of the invoice.</p> <p>The Company doesn't hedge its transactions, due to which it has a net unhedged risk of Rs 232.40 Lakhs as on 31.03.2021 (previous year Rs 570.83 Lakhs)</p> <p>Not hedging the transaction exposure, has a significant risk, therefore considered as a key audit area.</p>	<p>Our audit procedures relate to verifying the exchange rate difference and valuation of assets and liabilities as on closing date to ensure all foreign currency exchange rate differences has been accounted for.</p> <p>Further, any difference in exchange rate during the year i.e. from the date of purchase to date of payment as well as date of sale to date of receipt is properly accounted for in the absence of any hedging done by the company.</p>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditors' report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been

used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

in the Consolidated Financial Statements, which are unaudited, management remains responsible for the details and information provided by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of details and information of separate unaudited Financial Statements and the other financial information of subsidiary, as provided to us by the management we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and details and information provided to us by the management;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, and of its subsidiary, none of ;the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, refer to our separate Report in "Annexure A" to this report;
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the details and information provided to us by the management on separate financial statements as also the other financial information of the subsidiary:



- i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its Consolidated Financial Statements – Refer Note 42 to the Consolidated Financial Statements;
  - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company incorporated in India.
2. 2. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the Holding Company has paid remuneration to its directors during the year in accordance with the section 197 of the Act.

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

Place: New Delhi  
Date : 07<sup>th</sup> June, 2021  
UDIN: 21083878AAAABU1355

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

## ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

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

In conjunction with our audit of the Consolidated Financial Statements of RACL Geartech Limited as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of RACL Geartech Limited (hereinafter referred to as the "Holding Company"), (and not of the sole subsidiary of the Holding Company since it is incorporated outside India) as of that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company, internal financial controls over financial reporting with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with reference to financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company, has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: New Delhi  
Date : 07<sup>th</sup> June, 2021  
UDIN: 21083878AAAABU1355

Manju Agrawal  
Partner

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	2	14,032.03	10,823.43
(b) Intangible Asset	3	13.51	15.91
(c) Capital work-in-progress	4	80.38	29.36
(d) Financial assets	5	196.26	178.63
(e) Other non-current assets	6	727.17	15.14
<b>Total Non-current Assets</b>		<b>15,049.35</b>	11,062.47
<b>Current Assets</b>			
(a) Inventories	7	4,244.54	4,147.45
(b) Financial assets			
i. Trade receivables	8	5,518.91	5,374.30
ii. Cash and cash equivalents	9	96.13	74.97
iii. Other Financial asset	10	471.95	475.83
(c) Other current assets	11	1,753.66	1,092.02
<b>Total Current Assets</b>		<b>12,085.19</b>	11,164.57
<b>Total Assets</b>		<b>27,134.54</b>	22,227.04
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12.a	1,078.16	1,078.16
(b) Other Equity	12.b	9,724.76	7,435.42
<b>Total Equity</b>		<b>10,802.92</b>	8,513.58
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
Borrowings	13	5,173.00	3,073.42
Other	14	231.74	302.09
(b) Provisions	15	690.94	697.89
(c) Deferred tax liabilities (Net)	16	531.07	694.88
(d) Other Non- Current Liabilities	17	-	79.93
<b>Total Non-current Liabilities</b>		<b>6,626.75</b>	4,848.21
<b>Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	18	3,511.57	4,366.92
ii. Trade payables	19	2,811.89	1,902.47
iii. Other financial liabilities	20	2,923.21	2,184.87
(b) Other current liabilities	21	181.43	257.54
(c) Provisions	22	130.37	127.89
(d) Current tax Liabilities (Net)	23	146.40	25.56
<b>Total Current Liabilities</b>		<b>9,704.87</b>	8,865.25
<b>Total Liabilities</b>		<b>16,331.62</b>	13,713.46
<b>Total Equity and Liabilities</b>		<b>27,134.54</b>	22,227.04

Notes 1 to 46 forms part of the Financial Statements

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

MANJU AGARWAL  
(Partner)  
M.No :083878

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
UDIN: 21083878AAAABU1355

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

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

NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

JAGDISH KESWANI  
(Director)  
DIN: 02146267

RAKESH KAPOOR  
(Director)  
DIN : 00015358

HPS BEDI  
(Director)  
DIN : 05217488

By Order of the Board  
For RACL Geartech Limited

SHASHANK RAMESH ANIKHINDI  
(Director)  
DIN : 07787889

ANIL SHARMA  
(Director)  
DIN : 00157911

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

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	24	20,361.28	21,232.92
Other income	25	411.72	51.61
<b>Total Income</b>		<b>20,773.00</b>	21,284.53
<b>Expenses</b>			
Cost of Material Consumed	26	5,888.83	7,076.70
Changes in inventories of finished goods WIP and Stock in Trade	27	210.54	(261.45)
Employee benefits expenses	28	2,501.84	2,482.47
Finance Costs	29	847.57	844.74
Depreciation and Amortisation Expenses	30	1,641.94	1,127.78
Other Expenses	31	6,658.17	7,823.79
<b>Total expenses</b>		<b>17,748.89</b>	19,094.03
Profit before exceptional items and tax		<b>3,024.11</b>	2,190.50
Add: Exceptional items			
Profit before tax			
Less: Tax expense			
(1) Current tax			
Previous Year tax Paid		(34.50)	(9.10)
Tax Payable		(804.41)	(549.49)
Less : MAT credit entitlement			
		<b>(838.91)</b>	(558.59)
(2) Deferred tax		<b>163.81</b>	65.25
		<b>(675.09)</b>	(493.34)
<b>Profit for the period from continuing operations</b>		<b>2,349.02</b>	1,697.15
<b>Other Comprehensive Income</b>			
Remeasurements of the defined benefit plans		47.48	(61.70)
Foreign exchange translation difference		0.68	(1.20)
<b>Total other comprehensive income</b>		<b>48.16</b>	(62.90)
<b>Total comprehensive income for the period</b>		<b>2,397.18</b>	1,634.26
<b>Earnings per share (Face Value ₹ 10/- per share) Not annualised :</b>			
(1) Basic (in ₹)	32	22.23	15.31
(2) Diluted (in ₹)		22.23	15.31

Notes 1 to 46 forms part of the Financial Statements

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

MANJU AGARWAL  
(Partner)  
M.No :083878

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
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By Order of the Board  
For RACL Geartech Limited

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(Director)  
DIN : 07787889

ANIL SHARMA  
(Director)  
DIN : 00157911

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

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) after tax	2,397.18	1,634.26
<b>Adjustment for:</b>		
Depreciation / Amortization	1,641.94	1,127.78
Interest charges	847.57	844.74
Impairment	(4.49)	102.77
(Profit)/Loss on sale of asset	(35.45)	8.93
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4,846.75</b>	<b>3,718.49</b>
Increase/(Decrease) in Other Liabilities - Non Current	(243.75)	(26.85)
Increase/(Decrease) in Other Financial Liabilities	667.99	987.04
Increase/(Decrease) in Trade Payable - Current	909.42	(238.31)
Increase/(Decrease) in Long-term provisions - Non current	(6.95)	54.66
Increase/(Decrease) in Short-term provisions - current	2.48	64.64
Increase/(Decrease) in Other current liabilities	(647.78)	(525.34)
(Increase)/Decrease in Inventories	(97.09)	(546.84)
(Increase)/Decrease in Trade Receivable	(144.61)	(285.66)
(Increase)/Decrease in Other non current financial assets	(17.63)	(65.29)
(Increase)/Decrease in Other non current assets	(712.03)	35.53
(Increase)/Decrease in Other current assets	(661.64)	(221.74)
(Increase)/Decrease in Other Current financial Asset	3.88	(155.69)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>3,899.05</b>	<b>2,794.64</b>
<b>Direct taxes paid</b>	<b>(692.51)</b>	<b>(533.03)</b>
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>4591.56</b>	<b>3327.67</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,979.33)	(2,767.69)
Proceeds from Sale of PPE	120.12	142.26
<b>NET CASH GENERATED (USED IN) INVESTING ACTIVITIES</b>	<b>(4,859.21)</b>	<b>(2,625.43)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) from long term borrowings	1,244.23	(84.92)
Proceeds from share capital	0.00	50.00
Dividend Paid	(107.84)	(107.83)
Dividend Distribution Tax	-	(22.16)
Proceeds from share premium	0.00	312.56
Interest and finance charges paid	(847.57)	(844.74)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>288.82</b>	<b>(697.09)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>21.17</b>	<b>5.15</b>
<b>Cash and cash equivalents as at March 31,2019</b>	<b>74.97</b>	<b>69.87</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>0.05</b>
<b>Cash and cash equivalents as at March 31, 2020</b>	<b>96.13</b>	<b>74.97</b>
<b>Net Cash Flow</b>	<b>21.17</b>	<b>5.15</b>

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

MANJU AGARWAL  
(Partner)  
M.No :083878

Place: Noida  
Date : 7<sup>th</sup> June, 2021

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DIN : 00157911

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

## Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2021

### A. Equity Share Capital

(₹ in Lakh)

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

### B. Other Equity

#### Movement in Other Equity

(₹ in Lakh)

Particulars	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance at the beginning of the reporting period i.e. 01.04.2020</b>	41.95	695.31	6,698.16	7,435.42
Changes in accounting policy or prior period errors		-	-	-
Restated balance at the beginning of the reporting period	41.95	695.31	6,698.16	7,435.42
Total Comprehensive income for the year	-	-	2397.18	2,397.18
Less: Dividend Paid	-	-	(107.84)	(107.84)
Less: Dividend Distribution Tax	-	-	-	-
Transfer to retained earnings	-	-	-	-
<b>Balance at the end of the reporting period i.e. 31.03.2021</b>	<b>41.95</b>	<b>695.31</b>	<b>8,987.50</b>	<b>9,724.76</b>

#### Previous Year

(₹ in Lakh)

Particulars	Reserves and Surplus			Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance at the beginning of the reporting period i.e. 01.04.2019</b>	41.95	382.75	5,193.89	5,618.59
Changes in accounting policy or prior period errors		-	-	-
Restated balance at the beginning of the reporting period	41.95	382.75	5,193.89	5,618.59
Total Comprehensive income for the year	-	312.56	1634.26	1,946.82
Less: Dividend Paid	-	-	(107.83)	(107.83)
Less: Dividend Distribution Tax	-	-	(22.16)	(22.16)
Transfer to retained earnings	-	-	-	-
<b>Balance at the end of the reporting period i.e. 31.03.2020</b>	<b>41.95</b>	<b>695.31</b>	<b>6,698.16</b>	<b>7,435.42</b>

## NOTES TO ACCOUNTS

### NOTE NO 1.

#### GENERAL INFORMATION

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

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

RACL has acquired 100% shares of Racl Geartech Gmbh (Austria), making it as a wholly owned subsidiary.

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

##### (a) Statement of Compliance

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

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

##### (b) Basis of measurement

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

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

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

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

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

Accounting Policies and disclosures requires measurement of fair values for both financial and



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

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

### (e) Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current

### Presentation of financial statements

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

Amounts in the financial statements are presented in Indian Rupees.

## B SIGNIFICANT ACCOUNTING POLICIES

### B1 INCOME RECOGNITION

#### a. Revenue from Contracts with customers:

Revenue from contract with customers are accounted for and recognised, observing the provisions of Ind AS 115 “Revenue from Contracts with Customers”.

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

**(1) Identify the contract with a customer:** The Company observe the following criteria:

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

**(2) (Identify the performance obligations in the contract:** The Company assesses its promise to transfer goods to a customer to identify separate performance obligations. The Company

applies judgment to determine whether each goods promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods are combined and accounted as a single performance obligation.

- (3) **Determine the transaction price:** Transaction price is fixed and determined based on the terms of contract and Company's customary practice and any consideration payable to the customers includes cash amounts, credits, rebates and other similar allowances is reduced from the transaction price.
- (4) **Allocate the transaction price to the performance obligation in the contract.** The Company allocates the transaction price to each performance obligation identified in a contract on a relative stand-alone selling price basis.
- (5) **Recognize revenue when a performance obligation is satisfied:** Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised goods or services to a customer (customer obtains control). For each performance obligation, The Company determines the performance obligation at a point of time when all the following conditions are satisfied:
  1. The Company has a present right to pay for the goods.
  2. The Customer has legal title to the goods.
  3. The Company has transferred physical possession of the goods.
  4. Customer has significant risk and reward of ownership.
  5. Customer has accepted the goods.

**b. Other Income:**

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

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

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

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

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

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

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

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

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

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

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

### **B3 INTANGIBLE ASSETS**

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

### **B4 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

The carrying amount of assets are reviewed at each Balance Sheet date, to assess, if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the assets exceeds the recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is charged to the statement of profit and loss Account in the year in which an asset is identified as impaired.

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

## B5 INVENTORY

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

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

## B6 FOREIGN CURRENCY TRANSACTION

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

Foreign currency derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in statement of profit or 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 or loss depends on the nature of the hedging relationship and the nature of the hedged item.

## B7 EMPLOYEE BENEFIT

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

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

## B8 RESEARCH AND DEVELOPMENT EXPENDITURE

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

## B9 FINANCIAL INSTRUMENT

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

### a. Financial Assets

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

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

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

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

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

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

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

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

### b. Financial Liabilities and Equity Instruments

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

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

#### (2) Equity instruments

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

### (3) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance Costs' Line item.

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

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

#### B10 Impairment of financial assets (Expected Credit Loss Model)

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

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

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition

## B11 PROVISIONS

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

## B12 WARRANTIES

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

## B13 CURRENT AND NON CURRENT CLASSIFICATION

### **Current Asset:**

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

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

All other assets shall be classified as non-current.

### **Current Liabilities:**

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

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

## B14 DEFERRED TAX & CURRENT TAX

### a. Deferred tax

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

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

## B15 EARNING PER SHARE (EPS)

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

## B16 LEASE

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



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

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

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

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

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

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

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

## **C CASH FLOW STATEMENT**

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

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

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are

reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

## D BORROWINGS COST:

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

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

By Order of the Board  
For RACL Geartech Limited

Manju Agarwal  
(Partner)  
M.No :083878

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

JAGDISH KESWANI  
(Director)  
DIN: 02146267

SHASHANK RAMESH  
ANIKHINDI  
(Director)  
DIN : 07787889

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
UDIN: 21083878AAAABU1355

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

RAKESH KAPOOR  
(Director)  
DIN : 00015358

ANIL SHARMA  
(Director)  
DIN : 00157911

NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

HPS BEDI  
(Director)  
DIN : 05217488

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

## Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2021

### Property, plant and equipment

(₹ in Lakh)

Particulars	Note No	Cost or Deemed cost			Accumulated depreciation and impairment			Impairment			Carrying Amount	
		Balance as at April 1, 2020	Additions	Disposals	Balance at March 31, 2021	Disposals	De-precia-tion expense	Balance as at April 1, 2020	Impairment loss / reversal during the year	Balance at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Building		1,129.74	483.81		1,613.55		66.35	191.92	-	-	1,421.63	1004.159
Right To Use Buildings		472.13			472.13		98.23	186.90	-	-	285.23	383.46
Plant & Machinery		9,550.58	4,207.37	345.04	13,412.91	262.27	1,312.06	2,667.16	(4.49)	94.74	10,651.02	7,833.99
Furniture & Fixtures		4.53		1.28	3.25		0.24	2.18		-	1.07	1.32
Vehicles		94.44	52.26	0.32	146.38	0.31	33.32	59.40	3.12	3.12	83.86	64.93
Office Equipments	2	92.93	31.50	11.78	112.65	11.76	17.68	49.26	0.44	0.44	62.96	49.16
Electrical Installation		136.07	77.51	6.25	207.33	6.25	15.34	40.93	-	-	166.40	104.23
Capital Tool Support		317.15	70.36	1.86	385.65		71.75	132.01	-	-	253.64	256.89
Right To Use Leasehold - Land		1,144.37			1,144.37		19.07	38.15	-	-	1,106.22	1,125.29
<b>Total</b>		<b>12,941.94</b>	<b>4,922.81</b>	<b>366.53</b>	<b>17,498.22</b>	<b>281.86</b>	<b>1,634.04</b>	<b>3,367.90</b>	<b>(4.49)</b>	<b>98.30</b>	<b>14,032.03</b>	<b>10,823.43</b>

### Intangible Assets & Capital Work In Progress

(₹ in Lakh)

Particulars	Note No	Cost or Deemed cost			Accumulated depreciation and impairment			Impairment			Carrying Amount	
		Balance as at April 1, 2020	Additions	Disposals	Balance at March 31, 2021	Disposals	De-precia-tion expense	Balance as at April 1, 2020	Impairment loss / reversal during the year	Balance at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Intangible Asset	3	23.28	5.50	-	28.78		7.90	15.27	-	-	13.51	15.91
Capital Work In Progress	4	29.36	51.02	-	80.38		-	-	-	-	80.38	29.36

## Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
<b>Non Current Assets</b>			
<b>(d) Financial Asset</b>	5		
Security Deposits with landlord against rented premises & Authority		88.59	87.46
Security Deposits with UPPCL		107.67	91.17
<b>Total</b>		<b>196.26</b>	<b>178.63</b>
<b>(e) Other Non Current Assets</b>	6		
Capital Advances			
Advance for Machineries		727.17	15.14
<b>Total</b>		<b>727.17</b>	<b>15.14</b>
<b>Current Assets</b>			
<b>(a) Inventories (Lower of Cost or Net Relisable Value)</b>	7		
Raw Materials and components		676.32	427.59
Work-in-progress		814.05	727.47
Finished goods		188.86	246.38
Stock-In-Transit		245.08	484.68
Stores and spares		433.61	454.66
Loose Tools		1590.02	1550.05
Jigs & fixtures		296.62	256.64
<b>Total</b>		<b>4,244.54</b>	<b>4,147.46</b>
<b>(b) Financial Assets</b>	8		
<b>i . Trade Recievable</b>			
Unsecured, considered good		5518.91	5374.30
<b>Total</b>		<b>5,518.91</b>	<b>5,374.30</b>
The concentration of credit risk is limited due to the fact that customer base is large and unrelated.			
<b>ii. Cash and Cash Equivalents</b>	9		
Balances with banks		75.36	57.55
Other bank balances - unpaid dividend bank A/c		11.49	5.38
Cash in hand		9.29	12.04
<b>Total</b>		<b>96.13</b>	<b>74.97</b>
<b>iii. Other Financial Asset</b>	10		
Interest Receivable			
Interest Receivable on Account of Electricity Deposit		12.32	14.84
Other Claims		0.00	0.80
Margin money*		459.63	400.19
Other Loans and Advances		0.00	60.00
<b>Total</b>		<b>471.95</b>	<b>475.83</b>
*The Margin money on Letter of Credit is secured by Pledging of Term Deposit Receipts to the Schedule Bank.			
<b>(c) Other Current Assets (Secured, considered good)</b>	11		
Deposit with Government authorities		415.34	71.70
Prepaid Expenses		58.83	59.50
Advance to Suppliers		196.02	196.15
Other Advances		0.91	5.21
Advance recoverable in cash or in kind or to the value to be received		1082.56	759.46
<b>Total</b>		<b>1,753.66</b>	<b>1,092.02</b>

## Note No 12

### Equity Share Capital

(₹ In Lakh)

Particulars	Note No	Number of Shares (In Lakh)		As at	As at
		As at March 31, 2021	As at March 31, 2020	March 31, 2021	March 31, 2020
Equity	12.a.				
Authorised ( Equity Shares of `10/- each )		200.00	200.00	2000.00	2000.00
Issued & Subscribed (Equity Shares of `10/- each )		117.90	117.90	1179.00	1179.00
Paid up Share Capital		107.82	107.82	1078.16	1078.16
<b>Total Paid Up Share Capital</b>		<b>107.82</b>	<b>107.82</b>	<b>1,078.16</b>	<b>1,078.16</b>

#### i. Terms and rights attached to equity shares

The Company has only one class of equity shares having a face value of ` 10 per share. Each holder of the equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend, if any proposed, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting

The Company declared and paid an interim dividend of ` 1/- per share (10% of the fair value of shares) amounting to ` 107.82 Lakh. ( Previous year : ` 107.82 Lakh)

In the event of liquidation of the company the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion to number of equity shares held by the shareholders.

#### ii. Shares held by holding/Ultimate holding company and/or their subsidiaries/associates : Nil

#### iii. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting Year

(₹ In Lakh)

Particulars	As at 31.03.2021		As at 31.03.2020	
	No of Equity Shares	INR	No of Equity Shares	INR
Shares outstanding at the beginning of the year	107.82	1078.16	102.82	1,028.16
Shares issued during the year	-	0	5.00	50.00
Shares bought back during the year				
<b>Shares outstanding at the end of the year</b>	<b>107.82</b>	<b>1,078.16</b>	<b>107.82</b>	<b>1,078.16</b>

#### iv. List of Shareholders having more than 5% equity shares

(₹ In Lakh)

Particulars	As at 31.03.2021		As at 31.03.2020	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Gursharan Singh	39.39	36.54	39.29	36.44
PICUP	15.03	13.94	15.03	13.94
Middleware Development Limited	7.84	7.27	8.70	8.07

**Other Equity**

(₹ In Lakh)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
Retained Earning	12.b.	8,987.50	6,698.16
Securities Premium Reserve		695.31	695.31
Share Forfeiture Account		41.95	41.95
<b>Total</b>		<b>9,724.76</b>	<b>7,435.42</b>

a. The Company has forfeited 10,08,400 equity share of ` 10/- each (on 21.4.2003) and 19,00,000 convertible share warrants having paid up value of ` 1/- each (on 19.4.2010)

**Movement in Other Equity**

(₹ In Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Retained Earning</b>		
Opening Balance	6,698.16	5,193.89
Add: Comprehensive Income for the year	2,397.18	1,634.26
Less: Dividend Paid	(107.84)	(107.83)
Less: Dividend Distribution Tax		(22.16)
<b>Closing Balance</b>	<b>8,987.50</b>	<b>6,698.16</b>
<b>Securities Premium Reserve</b>		
Opening Balance	695.31	382.75
Add: Comprehensive Income for the year		312.56
<b>Closing Balance</b>	<b>695.31</b>	<b>695.31</b>
<b>Share Forfeiture Account</b>		
Opening Balance	41.95	41.95
Add: Comprehensive Income for the year		
<b>Closing Balance</b>	<b>41.95</b>	<b>41.95</b>

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

By Order of the Board  
For RACL Geartech Limited

Manju Agarwal  
(Partner)  
M.No :083878

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

JAGDISH KESWANI  
(Director)  
DIN: 02146267

SHASHANK RAMESH  
ANIKHINDI  
(Director)  
DIN : 07787889

Place: Noida  
Date : 7<sup>th</sup> June, 2021  
UDIN: 21083878AAAABU1355

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

RAKESH KAPOOR  
(Director)  
DIN : 00015358

ANIL SHARMA  
(Director)  
DIN : 00157911

NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

HPS BEDI  
(Director)  
DIN : 05217488

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

## Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
<b>Non Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>Borrowings</b>			
<b>Secured Loans</b>			
Term Loan from Bank	13	5743.95	3,678.97
Less: Unamortised Borrowing Cost	13.a.	(60.93)	(27.34)
Less: Current Maturities of Term Loan		(1,599.82)	(1,084.42)
	(i)	4,083.20	2,567.21
Car Loan		56.20	37.52
Less: Current Maturities of car Loan		(16.12)	(19.30)
	(ii)	40.08	18.22
	1((i)+(ii))	4,123.28	2,585.43
<b>Unsecured</b>			
Term Loan from Financial Institutions/ Banks	13.b.	1369.09	627.38
Less: Current Maturities of loan from FI		(319.38)	(139.40)
	2	1,049.71	487.98
<b>Total (1+2)</b>		<b>5,173.00</b>	<b>3,073.42</b>
<b>Other Non current Financial Liabilities</b>			
Lease Liabilities	14	338.87	407.27
Less: Current Maturities of Lease Liabilities		107.13	105.18
<b>Total</b>		<b>231.74</b>	<b>302.09</b>
<p>1. Secured Term Loans from banks have been guaranteed by Whole Time Directors.</p> <p>2. Maturity Profile of Secured Term Loans and Other Loans are as under :</p> <ul style="list-style-type: none"> <li>- FY 21-22 16.87 Crores</li> <li>- FY 22-23 18.89 Crores</li> <li>- FY 23-24 15.97 Crores</li> <li>- FY 24-25 12.26 Crores</li> <li>- FY 25-26 7.40 Crores</li> </ul> <p>3. Loans from bank of India, Noida Branch, IndusInd Bank Ltd, Citibank, and RBL Bank are secured on PariPassu Basis in the following Manner:</p> <ul style="list-style-type: none"> <li>- First charge by way of Hypothecation on entire Stocks and Book Debts of the Company</li> <li>- First Charge over entire Fixed Assetsof the company excluding Land and Building &amp; vehicle (Both Present &amp; Future)</li> <li>- Extention of EQM of Comapny's Land and Building at Gajraula U.P.</li> </ul> <p>The above Loans are also secured by personal guarantee (Joint and Several) of Shri Gursharan Singh and Shri D.R. Arya Loans from Tata Capital and Siemens Financial Services are secured by fixed charges on the specific Assets financed.</p> <p>4. Unsecured Loans from Financial Institutions and Banks include Loan from Foreign Bank UBS(AG)- Switzerland &amp; Luzerner Kantonal Bank - Switzerland in CHF currency. Maturity Profile of Unsecured term Loans and Other Loans in INR are as under :</p> <ul style="list-style-type: none"> <li>- FY 21-22 3.19 Crores</li> <li>- FY 22-23 3.19 Crores</li> <li>- FY 23-24 2.90 Crores</li> <li>- FY 24-25 2.20 Crores</li> <li>- FY 25-26 0.40 Crores</li> <li>- FY 26-27 0.46 Crores</li> </ul>			

## Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

<b>(b) Long Term Provisions</b>	15		
Gratuity		615.30	620.13
Leave Encashment		75.64	77.76
<b>Total</b>		<b>690.94</b>	<b>697.89</b>
<b>(c) Deferred tax liabilities (Net)</b>	16		
Deferred tax liabilities		823.09	1053.95
Less: Deferred tax assets		(292.02)	(359.07)
<b>Total</b>		<b>531.07</b>	<b>694.88</b>
<b>(d) Other Non- Current Liabilities</b>	17		
Long Term Advances from Customers		73.50	150.78
Less: Current Maturities of Long Term Advances from Customers		(73.50)	(70.85)
<b>Total</b>		<b>-</b>	<b>79.93</b>
<b>Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>(i). Secured Borrowings</b>	18		
a. Loans repayable on demand from banks		2077.66	1883.50
Total a.		2,077.66	1,883.50
b. Bill Discounting Facility		1433.91	2483.43
Total b.		1,433.91	2,483.43
<b>Total (ia) {a.+b.}</b>		<b>3,511.57</b>	<b>4,366.92</b>
<p>1. Loans from Bank of India, Standard Chartered Bank, Indusind Bank Ltd, Citibank and RBL Bank are secured on PariPassu Basis in the following Manner:</p> <ul style="list-style-type: none"> <li>- First charge by way of Hypothecation on entire stock and Book Debt of the Company</li> <li>- First Charge over entire Fixed Assets of the company excluding Land and Building &amp; vehicle (Both Present &amp; Future)</li> <li>- Extension of EQM of Company's Land and Building at Gajraula U.P.</li> </ul> <p>The above Loans are also secured by personal guarantee (Joint and Several) of Shri Gursharan Singh and Shri D.R. Arya</p> <p>The Company has taken an advance of Rs 1433.91 lakh from RBL Bank &amp; Citibank which are secured in the following manner:</p> <ul style="list-style-type: none"> <li>- First Charge on Trade Receivables as per the sanctioned terms</li> <li>- Second charge on the entire current movable &amp; Fixed Assets of the company</li> <li>- Personal Guarantee of Mr Gursharan Singh &amp; Mr D.R Arya</li> </ul>			
<b>ii. Trade payables</b>	19		
Due to other than SSIs/MSME		2805.89	1897.25
Due to Related Parties		6.00	4.81
Add: Cheques issued but not present in the bank		0.00	0.42
<b>Total</b>		<b>2,811.89</b>	<b>1,902.47</b>



## Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2021

(₹ in Lakh)

<p>1. According to records available by the company overdues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is Nil (previous year Nil). Further no interest has been paid or was payable to such parties under the said Act during the year.</p>			
<p>2. Dues to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.</p>			
<b>iii. Other Financial liabilities - Current</b>	20		
Current maturities of Long-term debt			
Current Maturities of Term Loan		1599.82	1084.42
Current Maturities of Car Loan		16.12	19.30
Current Maturities of Loan from Financial Institution		319.38	139.40
Current Maturities of Lease Liability		107.13	105.18
Salary & Wages		91.96	43.95
Other payables		788.80	792.61
<b>Total</b>		<b>2,923.21</b>	<b>2,184.87</b>
<b>(b) Other Current liabilities</b>	21		
i. Statutory Dues			
Tax Collection At Source		1.35	0.05
TDS Payable		29.92	22.84
GST Payable		11.15	8.79
ESI & PF Payable		7.50	7.03
ii Advance received from Customers		46.52	142.60
iii Current Maturities of Long Term Advances from Customers		73.50	70.85
iv Unpaid Interim Dividend (2019-20)		11.49	5.38
<b>Total</b>		<b>181.43</b>	<b>257.54</b>
<b>(c) Short Term Provisions</b>	22		
Gratuity Short term		108.40	100.13
Leave Encashment Short Term		21.97	27.76
<b>Total</b>		<b>130.37</b>	<b>127.89</b>
<b>(d) Current Tax Liabilities (Net)</b>	23		
Income Tax Payable		838.91	558.59
Less : Advance Taxes		(692.51)	(533.03)
<b>Total</b>		<b>146.40</b>	<b>25.56</b>

## Notes to Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2021

### Revenue From Operations

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Products - Domestic		4642.09	6102.01
Sale of Products - Export	24	14794.50	14237.49
Other Operating Revenue		924.69	893.42
<b>Total</b>		<b>20,361.28</b>	<b>21,232.92</b>

### Other Income

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Fixed Deposits with Banks		28.35	24.25
Discount on Advance paid to Supplier		31.23	25.35
Other Non Operating Income		2.24	2.00
Profit From Sales of Fixed Assets	25	35.45	0.00
Foreign Exchange Rate Fluctuation Net Gain		314.44	0.00
<b>Total</b>		<b>411.72</b>	<b>51.61</b>

### Cost of Raw Material

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Opening Stock		427.58	494.73
Add: Purchases	26	6137.56	7,009.56
Less: Closing Stock		(676.32)	(427.58)
<b>Total</b>		<b>5,888.83</b>	<b>7,076.70</b>

### Change in Inventories

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Closing Stock			
Finished Goods		188.86	246.38
Material in Transit		245.08	484.68
Work in Progress		814.05	727.47
		<b>1,247.98</b>	<b>1,458.52</b>

(₹ in Lakh)

<b>Less:</b>			
<b>Opening Stock</b>			
Finished Goods	27	246.38	121.25
Material in Transit		484.68	349.99
Work in Progress		727.47	725.83
		<b>1,458.52</b>	<b>1,197.07</b>
<b>(Inc)/Dec in stock</b>		<b>210.54</b>	<b>(261.45)</b>

### Employee Benefits Expenses

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Salary & Incentives		2019.85	2061.75
Employer's Contribution to Provident Fund		37.48	37.43
Gratuity Contribution	28	89.88	84.45
Leave Encashment		11.14	11.68
Directors Remuneration		203.71	198.67
Staff Welfare Expenses		139.77	88.49
<b>Total</b>		<b>2,501.84</b>	<b>2,482.47</b>

### Finance Cost

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expense		759.48	717.69
Foreign Exchange Rate Fluctuation Net Loss	29	0.00	30.52
Other Borrowing Cost		88.09	96.53
<b>Total</b>		<b>847.57</b>	<b>844.74</b>

### Depreciation and Amortisation

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation	30	1634.04	5973.39
Amortisation		7.90	-4845.61
<b>Total</b>		<b>1,641.94</b>	<b>4845.61</b>

## Other Expenses

(₹ in Lakh)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Stores & Spares Consumed		645.13	681.62
Packing Material Consumed		417.56	403.98
Loose Tools Consumed		744.02	991.48
Power, Oil & Lubricants & LPG for furnance		1232.72	1,351.33
Repairs & Maintainance (Plant & Machinery)		188.95	209.88
Job Work & Other Contractual Cost		1990.92	2,484.63
Customs Duty		47.32	25.59
Others		26.04	13.36
Assets Written Off		0.00	49.89
Impairment Loss		0.00	102.77
<b>Total</b>		<b>5,292.67</b>	<b>6,314.54</b>
Travelling & Conveyance	31	38.97	106.27
Vehicle Running and Maintenance		64.14	70.52
Telephone, Telex & Communication		23.41	23.53
Repairs & Maintainance -Buildings		35.02	32.41
Repairs & Maintainance -Others		20.23	20.98
Freight & Forwarding		603.16	583.03
Rework & Other Charges on Sales		104.29	27.31
Loss on Sale of Faulty Goods		26.30	130.66
Warehouse Charges		96.91	86.15
UPSIDC Maintenance Charges		27.53	49.02
Directors Sitting Fees		11.90	11.71
Insurance		63.35	57.51
Loss From Sales of Fixed Assets		0.00	8.93
Printing & Stationary		19.56	28.81
Electricity & Water		11.64	12.78
Legal & Professional Fees (Including Statutory Audit Fees*)		147.75	148.28
Misc Expenses		71.33	102.69
<b>Total</b>		<b>1,365.50</b>	<b>1,509.25</b>
<b>Total</b>		<b>6,658.17</b>	<b>7,823.79</b>

## Payments to Statutory Auditors

(₹ in Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Statutory Audit Fee	4.50	3.20
(b) Other Services	1.70	3.15
<b>Total</b>	<b>6.20</b>	<b>6.35</b>

## Notes to the Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2021

### 32 Disclosure pursuant to Ind AS 33 “Earnings per share”

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 “Earnings per share”.

Particulars	Unit	As at Mar 31, 2021	As at Mar 31, 2020
<b>Earnings Per Equity Share:</b>			
Profit for the year attributable to owners of the Company	Rupees	2,397.18	1,634.26
Weighted average number of equity shares outstanding for calculating basic earnings per share	Numbers	107.82	106.74
<b>Basic Earnings per Share</b>	Rupees	<b>22.23</b>	15.31

### 33 Disclosure pursuant to Ind AS 19 “Employee Benefit”

The details of various employee benefit provided to employee areas under:

#### Defined Benefit Plans

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

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

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

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

**Salary Risk** Higher than expected increases in salary will increase the defined benefit obligation.

The most recent actuarial valuation for determining present value of the defined benefit obligation were carried out as at March 31, 2021 by Mr. I Sambasavi Rao (Membership no. 158), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumption used for the purpose of the actuarial valuations were as follows:-

#### A. Gratuity

(₹ in Lakh)

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
Reconciliation of opening & closing balances of PV of defined benefit obligation		
Opening defined benefit obligation	720.26	602.59
Current service Cost	39.47	39.37

(₹ in Lakh)

Interest Cost on Benefit Obligation	50.42	41.32
Prior service cost-Vested benefit		
Net Actuarial gain/loss recognized during the year	(47.48)	61.70
Benefits paid	(38.97)	(24.72)
<b>Closing defined benefit obligation</b>	<b>723.70</b>	<b>720.26</b>
<b>Current Liabilities</b>	<b>108.40</b>	<b>100.13</b>
<b>Non Current Liabilities</b>	<b>615.30</b>	<b>620.12</b>
Expenses recognized in the statement of P&L Account		
Current Service Cost	39.47	39.37
<b>Interest Cost on Benefit Obligation</b>	<b>50.42</b>	<b>41.32</b>
Defined Benefit Cost included in P&L	89.89	80.69
<b>Total Remeasurement in OCI</b>	<b>(47.48)</b>	<b>61.70</b>
Total Defined Benefit Cost recognised in P&L and OCI	42.41	142.39
<b>Summary of Actuarial Assumptions</b>		
Retirement Age		
Discount Rate	6.90%	7.00%
Salary Escalation	6.00%	6.00%
Attrition Rate	58 Years	58 Years
Average Future Service	18.21	18.22
Mortality Table	IALM (2012-14) Table Ultimate	IALM (2006-08) Table

### Change in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
Fair Value of Plan Assets at beginning of year	-	-
Interest Income	-	-
Employer Contributions	-	-
Employer Direct Benefit Payments	38.97	24.71
Employer Direct Settlement Payments	-	-
Benefit Payments from Plan Assets	-	-
Benefit Payments from Employer	(38.97)	(24.71)
<b>Settlement Payments from Plan Assets</b>	<b>-</b>	<b>-</b>
<b>Settlement Payments from Employer</b>	<b>-</b>	<b>-</b>
<b>Other (Employee Contribution, Taxes, Expenses)</b>	<b>-</b>	<b>-</b>
<b>Increase / (Decrease) due to effect of any business</b>	<b>-</b>	<b>-</b>
<b>Increase / (Decrease) due to Plan combination</b>	<b>-</b>	<b>-</b>
"Remeasurements - Return on Assets (Excluding Interest Income)"	-	-

Fair Value of Plan Assets at end of year	-	-
Weighted Average Asset Allocations at the year end		
<b>Equities</b>	-	-
Bonds	-	-
<b>Gilts</b>	-	-
Insurance Policies	-	-
<b>Total</b>	<b>0%</b>	<b>0%</b>

### Components of Defined Benefit Cost

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Current Service Cost	39.47	39.37
Past Service Cost	-	-
(Gain) / Loss on Settlements	-	-
Reimbursement Service Cost	-	-
Total Service Cost	39.47	39.37
Interest Expense on DBO	50.42	41.32
Interest (Income) on Plan Assets	-	-
Interest (Income) on Reimbursement Rights	-	-
Interest Expense on (Asset Ceiling) / Onerous Liability	-	-
Total Net Interest Cost	50.42	41.32
Reimbursement of Other Long Term Benefits	-	-
Defined Benefit Cost included in P & L	89.89	80.69
Remeasurements - Due to Demographic Assumptions	-	-
Remeasurements - Due to Financial Assumptions	4.37	28.99
Remeasurements - Due to Experience Adjustments	(51.85)	32.70
(Return) on Plan Assets (Excluding Interest Income)	-	-
(Return) on Reimbursement Rights	-	-
Changes in Asset Ceiling / Onerous Liability	-	-
Total Remeasurements in OCI	(47.48)	61.70
<b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b>	<b>42.40</b>	<b>142.38</b>
<b>Discount Rate</b>	<b>6.90%</b>	<b>7.00%</b>
<b>Salary Escalation Rate</b>	<b>6.00%</b>	<b>6.00%</b>

### Amounts recognized in the Statement of Financial Position

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Defined Benefit Obligation	723.70	720.26
Fair Value of Plan Assets	-	-
Funded Status - Short / (Excess)	723.70	720.26
Effect of Asset Ceiling / Onerous Liability	-	-
Net Defined Benefit Liability / (Asset)	723.70	720.26

## Summary of Financial & Demographic Assumptions

Particulars	Valuation Date	
	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.90%	7.00%
Salary Escalation - First 5 Years	6.00%	6.00%
Salary Escalation - After 5 Years	6.00%	6.00%
Expected Rate of Return on Plan Assets	N/A	N/A
Mortality Table	IALM (2012-14) Table Ultimate	
Disability Rate	5% of Mortality Rate	5% of Mortality Rate
Retirement Age	58 Years	58 Years
Average Future Service	18.21	18.22

## B. LEAVE ENCASHMENT

(₹ in Lakh)

Particulars	Leave Encashment	
	As at Mar 31, 2021	As at Mar 31, 2020
Reconciliation of opening & closing balances of PV of defined benefit obligation	105.53	103.89
Opening defined benefit obligation		
Current service Cost	15.59	7.53
Interest Cost on Benefit Obligation	7.39	6.91
Prior service cost-Vested benefit		
Net Actuarial gain/loss recognized during the year	(12.08)	(2.44)
Benefits paid	(18.81)	(10.36)
Closing defined benefit obligation	97.62	105.53
<b>Current Liability</b>	<b>21.97</b>	<b>27.76</b>
<b>Non Current Liability</b>	<b>75.64</b>	<b>77.77</b>
<b>Expenses recognized in the statement of P&amp;L Account</b>		
Current Service Cost	15.59	7.53
Interest Cost on Benefit Obligation	7.39	6.91
<b>Defined Benefit Cost included in P&amp;L Account</b>	<b>22.98</b>	<b>14.44</b>
Total Remeasurement in OCI	(12.08)	(2.44)
<b>Total Defined Benefit Cost recognised in P&amp;L and OCI</b>	<b>10.90</b>	<b>12.00</b>
<b>Summary of Actuarial Assumptions</b>		
<b>Retirement Age</b>		
Discount Rate	6.90%	7.00%
Salary Escalation	6.00%	6.00%
Retirement Age	58 Years	58 Years
Average Future Service	17.29	17.75
Mortality Table	IALM (2012-14) Table Ultimate	IALM (2006-08) Table



## Change in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
Fair Value of Plan Assets at beginning of year	-	-
Interest Income	-	-
Employer Contributions	-	-
Employer Direct Benefit Payments	18.81	10.36
Employer Direct Settlement Payments	-	-
Benefit Payments from Plan Assets	-	-
Benefit Payments from Employer	(18.81)	(10.36)
Settlement Payments from Plan Assets	-	-
Settlement Payments from Employer	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-
"Increase / (Decrease) due to effect of any business combination / divestiture / transfer"	-	-
Increase / (Decrease) due to Plan combination	-	-
"Remeasurements - Return on Assets (Excluding Interest Income)"	-	-
Fair Value of Plan Assets at end of year	-	-
<b>Weighted Average Asset Allocations at the year end</b>		
Equities	-	-
Bonds	-	-
Gilts	-	-
Insurance Policies	-	-
<b>Total</b>	<b>0%</b>	<b>0%</b>

## Components of Defined Benefit Cost

(₹ in Lakh)

Particulars	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Current Service Cost	15.59	7.53
Past Service Cost	-	-
(Gain) / Loss on Settlements	-	-
Reimbursement Service Cost	-	-
Total Service Cost	15.59	7.53
Interest Expense on DBO	7.39	6.91
Interest (Income) on Plan Assets	-	-
Interest (Income) on Reimbursement Rights	-	-
Interest Expense on (Asset Ceiling) / Onerous Liability	-	-
Total Net Interest Cost	7.39	6.91
Reimbursement of Other Long Term Benefits	-	-
Defined Benefit Cost included in P & L	22.98	14.44
Remeasurements - Due to Demographic Assumptions		
Remeasurements - Due to Financial Assumptions	0.60	4.13

Remeasurements - Due to Experience Adjustments	(12.68)	(6.57)
<b>(Return) on Plan Assets (Excluding Interest Income)</b>	-	-
(Return) on Reimbursement Rights	-	-
<b>Changes in Asset Ceiling / Onerous Liability</b>	-	-
Total Remeasurements in OCI	(12.08)	(2.44)
<b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b>	<b>10.90</b>	<b>12.00</b>
<b>Discount Rate</b>	<b>6.90%</b>	<b>7.00%</b>
<b>Salary Escalation Rate</b>	<b>6.00%</b>	<b>6.00%</b>

### Amounts recognized in the Statement of Financial Position

(₹ in Lakh)

Particulars	Financial Year	
	Ending 31/03/2021	Ending 31/03/2020
Defined Benefit Obligation	97.62	105.53
Fair Value of Plan Assets	-	-
Funded Status - Short / (Excess)	97.62	105.53
Effect of Asset Ceiling / Onerous Liability	-	-
Net Defined Benefit Liability / (Asset)	97.62	105.53

### Summary of Financial & Demographic Assumptions

Particulars	Valuation Date	
	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.90%	7.00%
Salary Escalation - First 5 Years	6.00%	6.00%
Salary Escalation - After 5 Years	6.00%	6.00%
Expected Rate of Return on Plan Assets	N/A	N/A
Mortality Table	IALM (2012-14) Table Ultimate	
Disability Rate	5% of Mortality Rate	5% of Mortality Rate
Retirement Age	58 Years	58 Years
Average Future Service	17.29	17.75

## C. SENSITIVITY ANALYSIS

A quantitative sensitivity analysis for significant assumptions as 31<sup>st</sup> March 2021

Particulars	Gratuity Plan	
	Change in Assumptions	Impact on Defined Benefit Obligation
	Increase/ (Decrease)	Increase/ Decrease in Assumptions
<b>UNDER BASE SCENARIO</b>		723.70
	%	₹
SALARY ESCALATION	1.00%	770.58
	-1.00%	681.57
WITHDRAWAL RATES	1.00%	725.96
	-1.00%	721.17
DISCOUNT RATES	1.00%	683.42
	-1.00%	769.11

#### D. RISKS ASSOCIATED WITH DEFINED BENEFIT PLAN

Where there is a benefit being promised and benefit being provided, there will always be some uncertainty for the benefit provider and the benefit recipient.

##### Benefit Risks in Defined Benefit Schemes

###### 1. Risk to the beneficiaries (i.e. for employees)

Insufficient funds: The greatest risk to the beneficiary is that there are insufficient funds available to provide the promised benefits.

This may be due to :

- The insufficient funds set aside, i.e. underfunding
- The insolvency of the Employer
- The holding of investments which are not matched to the liabilities; Or
- A combination of these events

Changes to tax rates or status

###### 2. Risks to the Benefit provider (i.e. for employer)

Parameter risk: Actuarial valuation is done basis some assumptions like salary inflation, discount rate and withdrawal assumptions. In case the actual experience varies from the assumptions, fund may be Insufficient to pay off the

For example: Suppose the plan's liability is calculated with salary inflation assumption of 5% per annum. However, Company's' actual practice is to provide increment of 10% per annum. This will result into underfunding.

Similarly, reduction in discount rate in subsequent future years can increase the plan's liability. Further, actual withdrawals may be lower or higher than what was assumed in the valuation, which may also impact the plan's liability.

Risk of illiquid assets: Another risk is that the funds, although sufficient, are not available when they are required to finance the benefits. This may be due to assets being locked for longer period or in illiquid assets.

Risk of benefit change: There may be a risk that a benefit promised is changed or is changeable within the terms of the contract. For e.g. the prevailing Act / Regulation may increase the benefits payable under defined benefit plans.

Asset liability mismatching risk: ALM risk arises due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates or due to different duration.

For example: When the liability duration is, say, 10 years and with assets locked in 5-year g-sec securities. After 5 years, there is huge reinvestment risk to invest maturity proceeds of assets due to uncertainty about the market prevailing yields at that time.

#### 34 Disclosure of Segmental reporting pursuant to Ind AS 108 "Segmental Reporting"

The Company is engaged in manufacturing of Automotive Components meant for two wheeled, three wheeled and four wheeled Vehicles. Based on similarity of activities/products, risk and

reward structure, organisation structure and internal reporting Systems. The company has structured its operations into single operating segment geographic distribution of however based on the activities, the chief operating decision maker identified India and outside India as two geographical segments.

(₹ in Lakh)

Revenue from Customers	As at Mar 31, 2021	As at Mar 31, 2020
Within India	4642.09	6102.01
Outside India		
AUSTRIA	6211.03	6444.05
JAPAN	3242.24	2645.08
GERMANY	4047.05	3913.01
SWITZERLAND	796.25	786.68
ITALY	301.75	103.63
VIETNAM	3.39	6.96
HUNGARY	0.00	336.18
CHINA	192.79	1.89
	14794.50	14237.49

### 35 Disclosure of Related parties / Related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

#### A. List of Related Parties

##### Wholly Owned Subsidiary

Name of the Subsidiary	Country	Holding As at Mar 31, 2021
Racl Geartech Gmbh	Austria	100%

Name of the Key Management Personnel	Designation
Mr Gursharan Singh	Chairman and Managing Director
Mr Dev Raj Arya	Director & CFO
Ms. Shagun Bajpai	Company Secretary

Name of the Key Management Personnel	Designation
Mr Gursharan Singh	Chairman and Managing Director
Mr Dev Raj Arya	Director & CFO
Mr. Anil Sharma	Non- Executive Director
Mrs. Narinder Paul Kaur	Non- Executive Director
Mr. Rakesh Kapoor	Independent Director
Mr. Shashank Ramesh Anikhindi	Independent Director
Mr. Jagdish Keswani	Independent Director
Mr. H.P.S. Bedi	Independent Director
Mr. Raj Kumar Kapoor (Retired wef 29/09/2020)	Independent Director

### Names of Relatives of KMPs with whom transactions have taken place during the year:-

Name of Relatives of Key Managerial Personnel	Relations
Mr Prabh Mehar Singh	Son of Mr.Gursharan Singh
Mrs. Narinder Paul Kaur	Wife of Mr.Gursharan Singh

During the current as well as previous year, the Company did not have any related party transaction with any enterprise wherein any director has any significant influence.

#### B. Transactions with related parties:

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Remuneration and Perks - Key Managerial Personnel & Directors	264.29	237.48
Remuneration and Perks - Relatives of Key Managerial Personnel	17.63	19.01
Directors Sitting Fees	11.90	11.71

Remuneration & Perks include payment to Mr. Gursharan Singh, Chairman & Managing Director ₹ 159.33 Lakh (Prev Year ₹ 142.18Lakh), Mr. Dev Raj Arya, Director & CFO ₹ 61.05 Lakh (Prev Year ₹ 59.65Lakh) Directors & KMP's of the company

Ms. Shagun Bajpai, Company Secretary ₹ 7.91 Lakh (Prev Year ₹ 1.52 Lakh), KMP's of the company

Remuneration & Perks paid to Mrs. Narinder Paul Kaur (as retainership fees), ₹ 18 Lakh (Prev Year ₹ 18 Lakh) and Mr. Anil Sharma, Non-Executive Director ₹ 18 Lakh (Prev ₹ 9.10 Lakh), Directors of the company

Mr. Prabh Mehar Singh ₹ 17.63 Lakh (Prev year ₹ 19.01 Lakh), Relatives of Key Managerial Person

#### Directors Sitting Fees

(₹ In Lakh)

Name of the Directors	As at Mar 31, 2021	As at Mar 31, 2020
Mr. Anil Sharma	1.65	3.40
Mrs. Narinder Paul Kaur	1.25	1.15
Mr. Rakesh Kapoor	2.95	3.16
Mr. Shashank Ramesh Anikhindi	2.20	2.45
Mr. Jagdish Keswani	2.00	0.60
Mr. H.P.S. Bedi	1.05	0.00
Mr. Raj Kumar Kapoor (Retired wef 29/09/2020)	0.80	0.95
TOTAL	11.90	11.71

#### C. Closing Balances with related parties:

(₹ In Lakh)

Name of the Key Management Personnel	Outstanding As at March 31, 2020		Outstanding As at March 31, 2019	
	Receivable	Payable	Receivable	Payable
Mr Gursharan Singh	-	48.77	-	34.95

## Financial Instruments

### 36 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

The capital structure of the company consists of debt (long term borrowings and short term borrowings), capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

#### 36.1 Gearing Ratio

The gearing ratio at the end of the reporting period was as follows

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Debt	10,680.82	8,710.80
Cash and Bank Balances	96.13	74.97
Net Debt (i)	10,584.68	8,635.84
Equity (ii)	10,802.92	8,513.58
Net Debt To Equity Ratio	0.98	1.01

#### 36.2 Cash and cash equivalents

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Balances with banks	75.36	57.55
Unpaid Dividend Bank A/c	11.49	5.38
Cash in hand	9.29	12.04
<b>Total</b>	<b>96.13</b>	<b>74.97</b>

#### Changes in liabilities arising from financing activities

(₹ in Lakh)

Particulars	As at Mar 31, 2021	Cash Flow	NON CASH		As at Mar 31, 2020
			Foreign Exchange Movements	Fair Value Changes	
Non current borrowings	5173.00	2099.58	-	-	3073.42
Current borrowings	3511.57	(855.35)	-	-	4366.92
<b>Total liabilities from financing activities</b>	<b>8,684.57</b>	<b>1,244.23</b>	<b>-</b>	<b>-</b>	<b>7,440.34</b>

#### 36.3 (a) Risk management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Company monitors NET Debt to EBITDA ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by EBITDA (Profit before tax plus depreciation and amortization expense plus finance costs). The Company's strategy is to ensure that the Net Debt to EBITDA is managed at an

optimal level considering the above factors. The Net Debt to EBITDA ratios were as follows:

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Net Debt	10,584.68	8,635.84
EBITDA	5513.62	4163.03
Net Debt to EBITDA	1.92	2.07

#### (b) Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants and the Company has complied with those covenants throughout the reporting period.

#### (c) Dividends

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
On Equity shares of ₹ 10/- each		
Final dividend		
Amount of dividend paid (pertains to previous financial year)	-	-
Dividend per equity share	-	-
Interim Dividend		
Amount of dividend paid	107.84	107.827
Dividend per equity share	1.00	1.00

### 37. Catagories of Financial Instruments

(₹ in Lakh)

Financial instruments by categories	31.03.2021			31.03.2020		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>						
<b>Non-Current Financial Asset</b>						
Security Deposit			196.26			178.63
<b>Current Financial Asset</b>						
i. Trade receivables			5,518.91			5,374.30
ii. Cash and cash equivalents			96.13			74.97
iii. Other Financial asset			471.95			475.83
<b>Total Financial Asset</b>			<b>6,283.24</b>	-	-	<b>6,103.72</b>
<b>Financial liability</b>						
<b>Non-Current Financial Liabilities</b>						
Borrowings			5,173.00			3,073.42
Other			231.74			302.09
<b>Current Financial Liabilities</b>						
i. Borrowings			5,507.82			5,637.39
ii. Trade payables			2,811.89			1,902.47
iii. Current matjurities of lease			107.13			105.18
iv. Other financial liabilities			880.76			836.56
<b>Total Financial Liabilities</b>			<b>14,712.34</b>			<b>11,857.10</b>

### 38 Fair value of Financial Assets and Liabilities at amortized cost (₹ in Lakh)

Financial instruments by categories	31.03.2021		31.03.2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial asset</b>				
<b>Non-Current Financial Asset</b>				
Security Deposit	196.26	196.26	178.63	178.63
<b>Current Financial Asset</b>				
i.Trade receivables	5,518.91	5,518.91	5,374.30	5,374.30
ii.Cash and cash equivalents	96.13	96.13	74.97	74.97
iii.Other Financial asset	471.95	471.95	475.83	475.83
<b>Total Financial Asset</b>	<b>6,283.24</b>	<b>6283.24</b>	<b>6,103.72</b>	<b>6103.72</b>
<b>Financial liability</b>				
<b>Non-Current Financial Liabilities</b>				
Borrowings	5,173.00	5,173.00	3,073.42	3,073.42
<b>Current Financial Liabilities</b>				
i. Borrowings	5,507.82	5,507.82	5,637.39	5,637.39
ii. Trade payables	2,811.89	2,811.89	1,902.47	1,902.47
iii. Other financial liabilities	880.76	880.76	836.56	836.56
<b>Total Financial Liabilities</b>	<b>14,373.47</b>	<b>14,373.47</b>	<b>11,449.84</b>	<b>11,449.84</b>

The carrying amount of financial assets/liabilities including trade receivables and payables and others; measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

The Fair values are all measured at Level 3

### 39 Financial Risk Management Objectives

The company's activities expose it to variety of financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed annually to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

#### A) Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.



## i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in the several countries and purchases from overseas suppliers in various foreign currencies.

The company has incurred expenditure in Foreign Currency (₹ in Lakh)

Particulars	FY 2020-21	FY 2019-20
Raw Material/Tools/Machines	3,206.61	1,540.54
Foreign Travelling & Services	151.70	99.53
Interest	20.34	13.30

The company has Earnings in Foreign Currency

Particulars	FY 2020-21	FY 2019-20
Export of Goods on FOB basis	14,698.45	14,199.90

The foreign currency risk from financial instruments as at March 31, 2021 is as follows: (₹ in Lakh)

Particulars	As on 31.03.2021								
	USD	EURO	CHF	GBP	Yuan	JPY	Thai Baht	Hong Kong Dollar	Canadian Dollar
Cash & Cash Equivalents (INR)	0.88	0.32	0.41	0.08	0.43	0.13	0.05	0.02	0.06
Trade Receivables (INR)	3903.94	417.64							
Trade Payables (INR)	6.54	11.74	7.87						
Interest Payables (INR)			7.30						
Borrowings in Foreign Currency (INR)	2603.98	82.66	1,369.09						
<b>Total</b>	<b>6515.34</b>	<b>512.36</b>	<b>1384.67</b>	<b>0.08</b>	<b>0.43</b>	<b>0.13</b>	<b>0.05</b>	<b>0.02</b>	<b>0.06</b>

The foreign currency risk from financial instruments as at March 31, 2020 is as follows: (₹ in Lakh)

Particulars	As on 31.03.2020								
	USD	EURO	CHF	GBP	Yuan	JPY	Thai Baht	Hong Kong Dollar	Canadian Dollar
Cash & Cash Equivalents (INR)	0.90	0.31	0.42	0.07	0.41	0.14	0.05	0.02	0.05
Trade Receivables (INR)	3818.45	165.84							
Trade Payables (INR)		15.95	8.32						
Interest Payables (INR)			4.25						
Borrowings in Foreign Currency (INR)	2834.66	62.29	487.99						
<b>Total</b>	<b>6654.01</b>	<b>244.39</b>	<b>500.98</b>	<b>0.07</b>	<b>0.41</b>	<b>0.14</b>	<b>0.05</b>	<b>0.02</b>	<b>0.05</b>

Particular of unhedged foreign exposure as at the reporting date (Net exposure to foreign currency risk)

Particulars	March 31, 2021		March 31, 2020	
	Payable / (Receivable)		Payable / (Receivable)	
	Amount in Foreign Currency in Lakh	Amount (₹ In Lakh)	Amount in Foreign Currency in Lakh	Amount (₹ In Lakh)
USD	(17.60)	(1,293.42)	(13.05)	(983.79)
EURO	(3.75)	(323.24)	(1.05)	(87.60)
CHF	17.82	1,384.26	6.39	500.56

Sensitivity analysis based on average outstanding Foreign currency loan (₹ in Lakh)

Particulars	Impact on profit/ loss after tax	
	FY 2020-21	FY 2019-20
Increase or decrease in exchange rate by ₹ 1	3.81	8.00

Note: Profit will increase in case of decrease in foreign currency rate and vice versa

## ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows: (₹ in Lakh)

Particulars	FY 2020-21	FY 2019-20
Debt from Banks/FIs - Variable rate borrowings	10,680.82	8,710.80

Sensitivity analysis based on average outstanding Debt (₹ in Lakh)

Interest Rate Risk Analysis	Impact on profit / loss after tax	
	FY 2020-21	FY 2019-20
Increase or decrease in interest rate by 25 basis points	24.24	21.62

Note: Profit will increase in case of decrease in interest rate and vice versa

## B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

(₹ in Lakh)

As at March 31, 2021	Carrying Amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Non Derivative Financial Liability</b>						
Term Loan from Banks	5,743.95	1,599.82	4,144.13			5,743.95
Term Loan from Financial Institutions	1,369.09	319.38	829.00	220.71		1,369.09
Lease Liabilities	446.00	107.13	338.87	-		446.00
Long Term Advances from Customers	73.50	73.50	-			73.50
Car Loan	56.20	16.12	36.75	3.33		56.20
Loan Repayable on Demand	2,077.66	2,077.66				2,077.66
Bill Discounting	1,433.91	1,433.91				1,433.91
Trade Payables	2,811.89	2,811.89				2,811.89
Other Financial Liabilities	-	-				-
<b>Total</b>	<b>14,012.21</b>	<b>8,439.41</b>	<b>5,348.75</b>	<b>224.05</b>	<b>-</b>	<b>14,012.21</b>

The following are the contractual maturities of financial liabilities

(₹ in Lakh)

As at March 31, 2020	Carrying Amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Non Derivative Financial Liability</b>						
Term Loan from Banks	3,678.97	1,084.42	2,521.14	73.41		3,678.97
Term Loan from Financial Institutions	627.38	139.40	418.19	69.79		627.38
Loan repayable to Related party	512.45	105.18	219.32	187.95		512.45
Long Term Advances from Customers	150.78	70.85	79.93			150.78
Car Loan	37.52	19.30	18.22			37.52
Loan Repayable on Demand	1,883.50	1,883.50				1,883.50
Bill Discounting	18.22	18.22				18.22
Trade Payables	1,902.47	1,902.47				1,902.47
<b>Other Financial Liabilities</b>	<b>-</b>	<b>-</b>				<b>-</b>
<b>Total</b>	<b>8,811.30</b>	<b>5,223.35</b>	<b>3,256.80</b>	<b>331.15</b>	<b>-</b>	<b>8,811.30</b>

### c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks. Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

#### 40. Expenditure on Corporate Social Responsibility (CSR)

(₹ in Lakh)

Particulars	FY 2020-21	FY 2019-20
a) Gross amount required to be spent during the year	29.55	26.97
Add Shortfall of last year	6.42	0
<b>Total amount required to be spent</b>	<b>35.97</b>	<b>26.97</b>
b) Amount actually spent during the year	32.99	20.55
c) Amount provisioned for ongoing projects	2.98	6.42

#### 41. Income tax expense

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current tax</b>		
Current income tax charged	804.41	549.49
Adjustments for current tax of prior years	34.50	9.10
<b>Total current tax expense</b>	<b>838.91</b>	<b>558.59</b>
Decrease/ (increase) in deferred tax Assets/ Liabilities (net)	163.81	65.25
<b>Income tax expense</b>	<b>675.09</b>	<b>493.34</b>

##### Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

(₹ in Lakh)

Particulars	As at March 31, 2020	Movement Recognised in Statement of Profit and Loss	As at March 31, 2021
Deferred tax (liabilities)/assets in relation to:			
Property, plant and equipment and Intangible Assets	(1,053.95)	230.86	(823.09)
Defined benefit obligation	359.07	(67.05)	292.02
<b>Deferred Tax Asset / (Liabilities) (Net)</b>	<b>(694.89)</b>	<b>163.81</b>	<b>(531.07)</b>

##### Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Profit before income tax expense	3024.11	2128.80
Tax at India's tax rate	761.11	619.91
Tax effect of amounts which are not deductible in calculating taxable income (net off exempt income)	447.22	432.53
Tax effect of amounts which are deductible in calculating taxable income	(401.41)	(503.53)
Adjustments for current tax of prior periods	34.50	9.10
<b>Income tax expense</b>	<b>841.42</b>	<b>558.01</b>

#### 42 Property, Plant and equipment

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress are stated at cost, net

of accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items and the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

#### Depreciation methods and useful lives

Depreciation is calculated using the straight-line method over estimated useful lives of the assets:

Assets	Useful lives (years)*
Leasehold improvements	Over the period of lease or useful life, whichever is lower
<b>Plant &amp; Machinery: Category</b>	
A	20
B	15
C	10
D	5
E	3
<b>Electrical Installation : Category</b>	
A	15
B	10
C	5
Building	30
Capital Tool Support	5
Furniture & Fixtures	5
Vehicles	5
<b>Office &amp; Misc. Equipments : Category</b>	
A	10
B	5
C	3

\*Useful life of certain assets are different than the life prescribed under Schedule II to the Companies Act, 2013 and those have been determined based on technical evaluation by the management. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 43 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful live of intangible assets are as follows:

Assets	Useful lives (years)
Software & Licenses	3

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### 44 Contingent liabilities

#### 1. Corporate Guranatees given by the Company on behalf of their Suppliers.

Company has given guarantee/securities under section 186 or other applicable provisions of the Companies Act, 2013, of following amounts for the suppliers of the Company to TATA Capital financial Services Limited and these suppliers are associated with the company for last more than 10 years and they have undertaken to establish additional Job working facility fully dedicated to RACL Geartech Limited:

1. For Global Engineering Works Limited for an amount of ₹ 114 Lakhs.
2. For Hariom Engineering Private Limited for an amount of ₹ 29 Lakhs
3. Diamento precision Parts Private Limited for an amount of ₹ 40 Lakhs.

## 2. Income Tax Demands

Demand raised by Income Tax Authorities of ₹ 19.84 Lakh outstanding as on 31/03/2021. The matter is being pursued with the Income Tax authorities for necessary rectification and correction.

### 45 Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

There have been no claimed transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence, reporting details of Principal and Interest does not arise.

### 46 Previous years figures

Previous years figures have been regrouped/reclassified/recasted wherever necessary.

### 47 Disclosure Note- IND AS 116

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Company has leases contracts for land and premises. These lease arrangements for land are for a period upto 99 years and for premises are for a period upto 5 years. The Company also has certain leases of machinery and equipments with lease terms of 12 months or less with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The following impacts are recognised in financial position on account of recognition of right of use assets and lease liabilities.

(₹ in Lakh)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Right To Use Buildings	285.23	383.46
Right To Use Leasehold - Land	1106.22	1125.29
Current lease liabilities	107.13	105.18
Non-current lease liabilities	338.87	407.27

Amount recognised in statement of profit and loss during the year on account of Ind AS 116

(₹ in Lakh)

Particulars	FY 2020-21	FY 2019-20
Interest expense on lease liabilities (included in finance cost)	30.98	35.19
Depreciation of Right of Use assets	117.30	107.75

## 48 Capital Commitments

The Company entered into purchase contracts for procuring plant and equipments for ₹ 3136.06 Lakh as on 31<sup>st</sup> March 2021 against which advance payments have also been made as mentioned below:-

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances	727.17	15.14

## 49 Going concern

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern therefore financials have been prepared on going concern basis.

## 50 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to fulfil its performance obligations under the contract with customers;(ii) revision of estimations of costs to complete the contract because of additional efforts; (iii) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Investments and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future demand of its products. The Company has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered.

For Gianender & Associates  
Chartered Accountants  
FRN: 004661N

Manju Agarwal  
(Partner)  
M.No :083878

Place: Noida  
Date : 7<sup>th</sup> June, 2021

UDIN: 21083878AAAABU1355

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

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

NARINDER PAUL KAUR  
(Director)  
DIN: 02435942

JAGDISH KESWANI  
(Director)  
DIN: 02146267

RAKESH KAPOOR  
(Director)  
DIN : 00015358

HPS BEDI  
(Director)  
DIN : 05217488

By Order of the Board  
For RACL Geartech Limited

SHASHANK RAMESH  
ANIKHINDI  
(Director)  
DIN : 07787889

ANIL SHARMA  
(Director)  
DIN : 00157911

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



## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

#### Part A: Subsidiaries

Reporting period: 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021

Sl. No.	Particulars	RACL Geartech GmbH, Austria
1.	Reporting currency	Euro
2.	Exchange rate	INR 86.10
3.	Share capital	17500.00
4.	Reserves and surplus	12466.27
5.	Total assets	31008.40
6.	Total Liabilities	31008.40
7.	Investments	-
8.	Turnover	84281.95
9.	Profit before taxation	12841.27
10.	Provision for taxation	(375.00)
11.	Profit after taxation	12466.27
12.	Proposed Dividend	-
13.	Percentage of shareholding	100%

- Names of subsidiaries which are yet to commence operations. NIL
- Names of subsidiaries which have been liquidated or sold during the year. NIL

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

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

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

Place: Noida  
Date: 7<sup>th</sup> June, 2021

**Ms. Shagun Bajpai**  
Company Secretary  
ICSI M. No.: A45982



# CORPORATE SOCIAL RESPONSIBILITY



Women's Day Celebration by RACL Female Staff at SS Vidyaniketan School.



Stationery Distribution at SS Vidyaniketan School, funded by RACL.



Independent Director Brig. HPS Bedi (Retd.) with girls at Jyoti Sarup Kanya Asra Society



Sweater Distribution by RACL



Distribution of Oxygen Concentrators to District Administration for Covid Relief

# CAPACITY ADDITIONS



New Plant Addition- Ojas Block



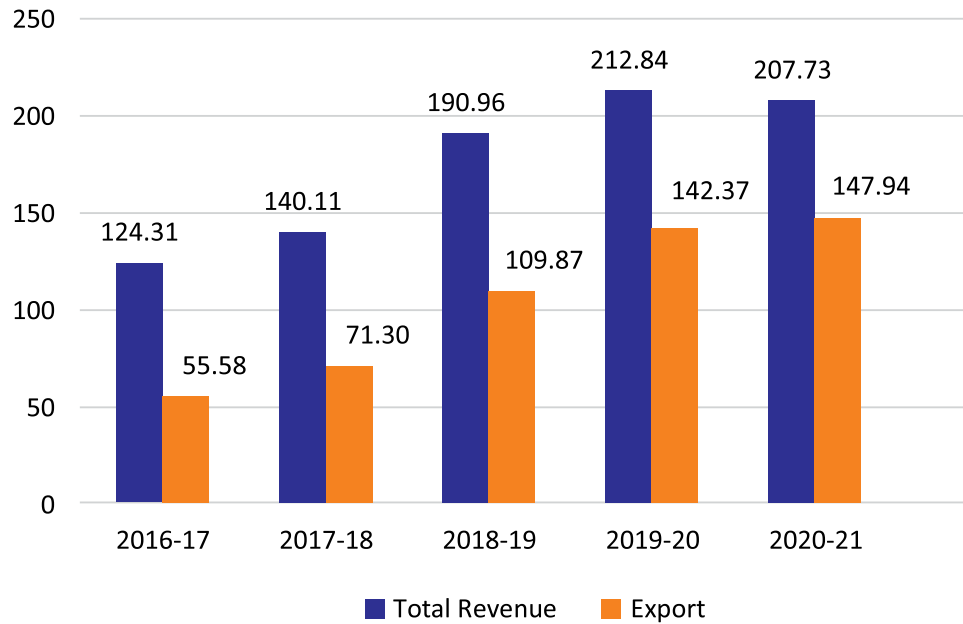
Expansions- Extension of Tejas Block



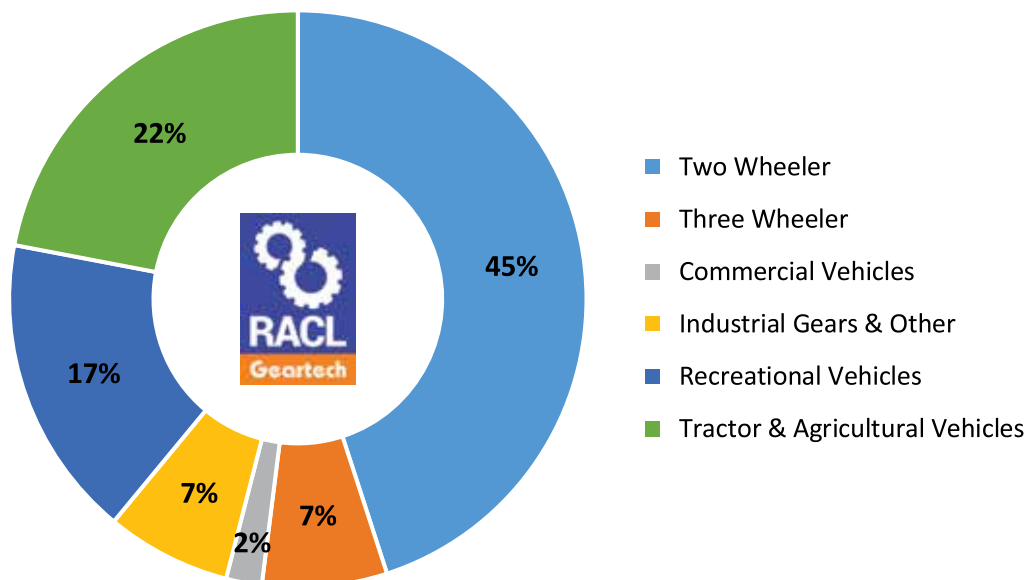
RACL installed CETP & STP for 100% recycling of Water for Productive usage enabling RACL to be a Zero Discharge Company.

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

In Crores



### Business Segment Financial Year 2020-21



# CUSTOMER RECOGNITION



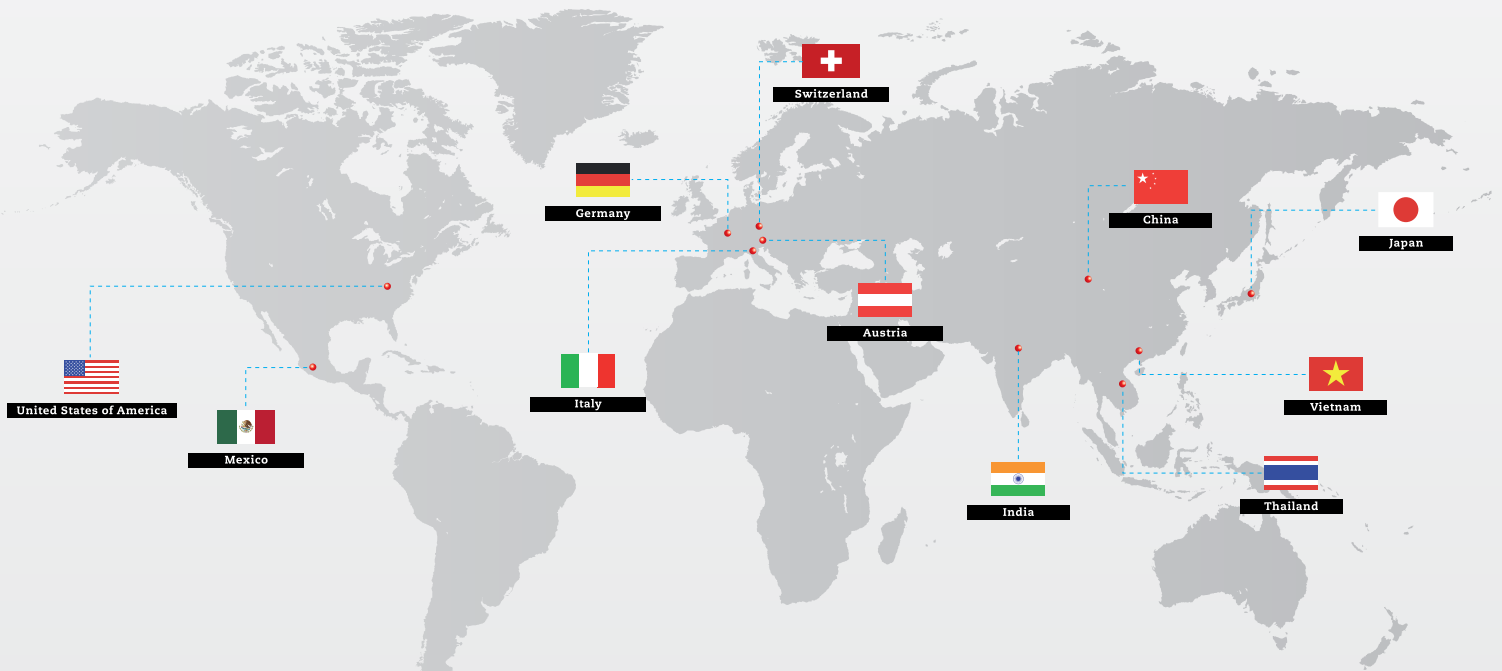
Team RACL with best Supplier Award for the period 2017-2020 by BRP- Rotax



Kubota Agriculture & Machinery India Private Limited felicitated RACL as the Best Emerging Supplier Award- 2020



## RACL's GLOBAL FOOTPRINT



The Company generates more than **70%** of its Revenue from Exports, having presence in over 11 Countries across the Globe.

Registered Office : 15<sup>th</sup> Floor, Eros Corporate Tower, Nehru Place, New Delhi - 110019, India  
Corporate Office: B-9, Sector-3, Noida- 201301, Uttar Pradesh  
Plant-1: A-3, Industrial Area, Gajraula, District Amroha-244223, Uttar Pradesh  
Plant-2: A-62, Sector-63, Noida, District Gautam Budh Nagar- 201307, Uttar Pradesh  
RACL Geartech GmbH, Austria: Hauptstraße 38, 4550 Kremsmünster, Oberösterreich, Austria