

RELIABILITY | INNOVATION
COMPETITIVENESS | GLOBALIZATION

RICO



36th Annual Report
2018-19

RICO - Made in India with Pride



RICO - Made in India with Pride

About Us

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

We manufacture and supply world class high precision and fully machined components & assemblies - both aluminium and ferrous - to leading OEMs across the Globe.

Our multiple fully integrated production facilities are equipped to offer complete spectrum of services from designing of components to development of tools, casting and precision machining and assembly of auto components.

Over the years, RICO has earned a reputation of being a reliable source of the most complex components & assemblies. Our commitment to uncompromising quality and the highest standards of excellence is matched by our ability to engineer the most demanding products at competitive cost, as well as our capability to deliver global volumes anywhere across the world.

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

RICO acquired cutting edge technology in some of the key products like Clutches, Oil Pumps & Water Pumps through strategic linkages with global leaders in respective fields. Also RICO has a Joint Venture with Jinfei for Alloy Wheels.

RICO continually works towards achieving the highest levels of efficiency, productivity and profitability - so as to sustain growth and deliver consistent value to both customers and stakeholders.

**Incorporated
in 1983**

**Global Supplier
of Automotive
Components**

**Presence in 4
Continents**

**14 Manufacturing
Plants**

**Over 4500
Employees**

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

Our Vision

To be the preferred supplier to OEMs across the Globe.

Our Strategies

World Class Quality

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

Integrated Service - Concept to Delivery

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

Preferred Supplier

Customer Focussed Enterprise Efficient Account, Program & Launch Management

People

Regular Training, Skill Building, Involvement & Empowerment and Leadership

Globalization

Global Teams, Global Presence & Scale

Shareholder Value

Focus on return on Capital Employed and Consistent Dividend Distribution

OUR PEOPLE: OUR GREATEST ASSET

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

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

CSR INITIATIVES

"We believe that our decisive actions today, can lead to build a better tomorrow."

Our main objective is to contribute towards societal growth by promoting education, hygiene and sanitation, providing awareness on high prioritized health topics like Autism, HIV Aids, Cancer, TB etc.

We are committed for enhancing environmental sustainability, supporting rural development, providing preventive health care, promoting education/skill development, encouraging cleanliness & sanitation in rural areas.

We have been engaging people in campaigns like Tree Plantation, No Tobacco, Preventive Health Care and Road Safety Awareness.

We are active member of NACO's (National Aids Control Organization) Employee Led Model program, through which we run awareness programs related to HIV, Hepatitis among migrant work force and local community.

Financial Highlights

Standalone

(₹ in Crores)

Particulars	2018-19	2017-18	2016-17@	2015-16	2014-15#
Gross Revenue	1224.5	1118.3	1042.2	990.1	943.9
Net Revenue	1224.5	1100.8	976.4	925.9	872.3
PBIDT	142.5	128.0	113.6	90.3	308.4
Depreciation	43.8	40.9	35.6	35.4	64.2
PBIT	98.7	87.1	78.1	54.9	244.1
Interest	23.1	17.2	16.0	19.7	47.0
PBT	66.4	63.1	61.4	35.2	197.2
Income Tax	14.0	14.2	11.1	7.6	48.4
Deferred Tax	3.6	(0.8)	2.6	(0.1)	(22.5)
MAT Credit Receivable	0.0	0.0	0.0	(1.2)	0.0
Previous Year Income Tax	0.0	0.0	0.0	1.7	(0.6)
PAT	48.8	49.6	42.7	27.1	171.9
Dividend (Including Tax)	12.3	18.7	1.6	9.8	48.7
Gross Fixed Assets (Incl. CWIP)	652.1	477.8	395.9	744.6	695.9
Net Fixed Assets (Incl. CWIP)	540.8	402.1	360.4	343.3	325.7
Net Current Assets*	173.5	185.7	185.7	141.9	135.8
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	566.8	530.7	500.4	445.0	429.0
Deferred Tax Liabilities	18.2	14.8	15.8	11.4	11.5
Total Loan Funds	339.6	253.7	230.4	223.4	180.1
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	11.6	11.6	11.6	9.7	35.4
ROCE (PBIT/Avg. Capital Employed)	11.5	11.1	10.7	8.3	38.4
RONW (PAT/Avg. Net Worth)	8.7	9.4	9.8	6.0	45.0
Per Share Data (₹)					
EPS	3.6	3.7	3.5	2.0	12.7
Cash EPS	6.9	6.7	6.2	4.6	17.5
Book Value	42.9	40.2	38.0	33.9	32.7
Dividend (%)	80	80	75	60	300
Net worth	580.3	544.2	513.9	458.5	442.5

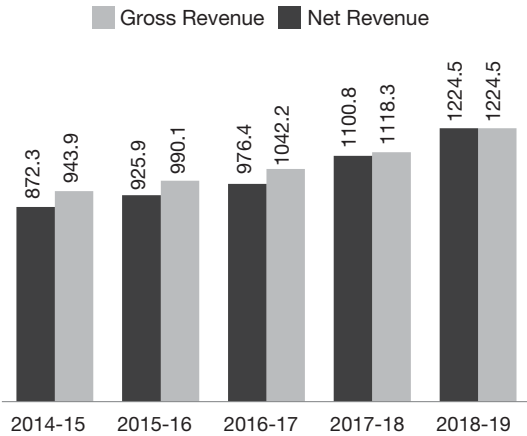
* Excluding short term borrowings and current maturities of long term bank borrowings.

Profit of 2014-15 includes capital gain on sale of investments in J.V. Company - FCC Rico Limited.

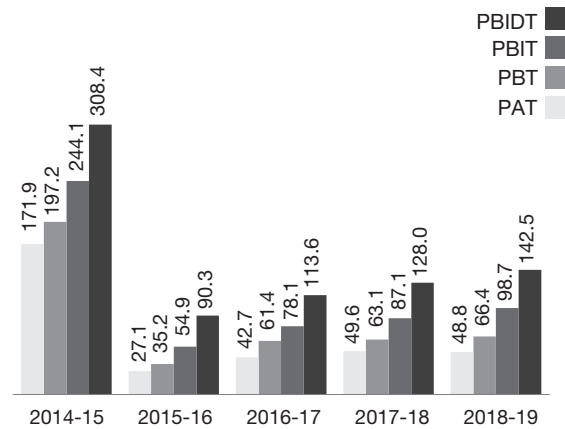
@ Adjusted due to first time adoption of Ind AS.

Standalone

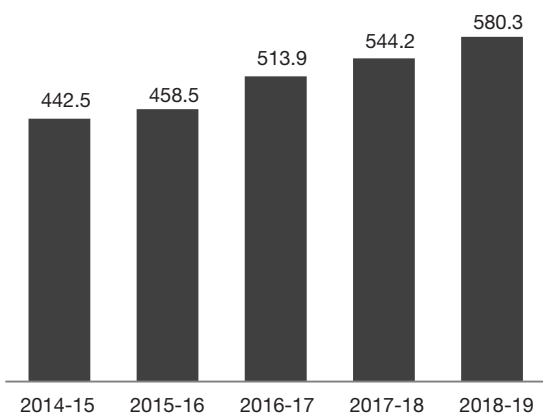
Revenue (₹ in Crores)



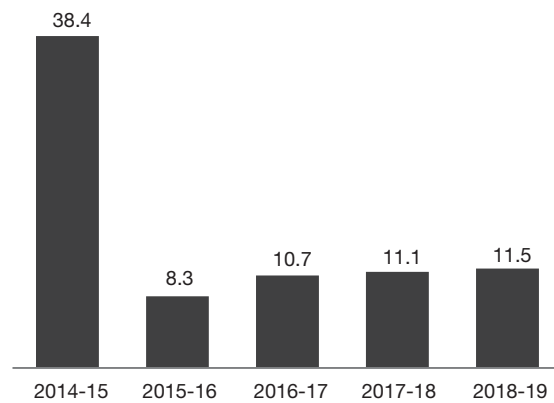
Profitability (₹ in Crores)



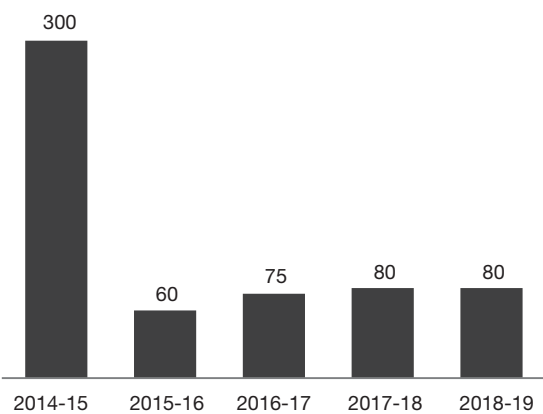
Networth (₹ in Crores)



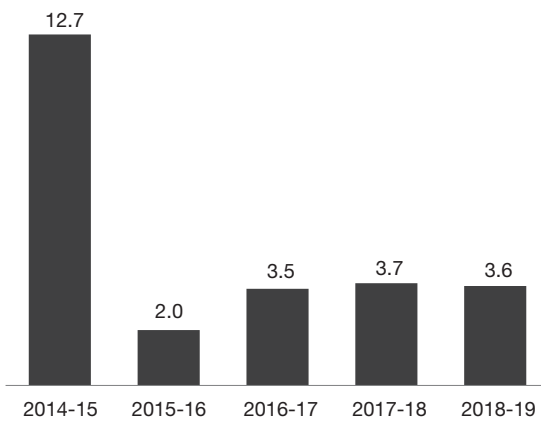
ROCE (Percent)



Dividend (Percent)



EPS (₹)



Financial Highlights

Consolidated Group

(₹ in Crores)

Particulars	2018-19	2017-18	2016-17@	2015-16	2014-15#
Gross Revenue	1412.1	1245.8	1127.2	1094.2	1519.2
Net Revenue					
Rico Auto Industries Limited	1224.5	1,100.8	976.4	925.9	872.3
Rico Auto Industries Inc. USA	140.5	140.7	151.8	145.0	91.0
Rico Auto Industries (UK) Limited UK	97.3	83.9	52.3	40.8	37.3
FCC Rico Limited (50%)	0.0	0.0	0.0	0.0	409.6
Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited)**	0.0	0.0	0.0	34.2	31.2
Rico Jinfei Wheels Limited (93.5%)	136.5	111.3	78.0	73.9	98.1
Uttarakhand Automotives Limited	0.0	0.0	0.0	8.7	11.0
Rasa Autocom Limited	53.1	32.9	26.3	40.4	14.9
Rico Aluminium and Ferrous Auto Components Limited	253.5	241.6	248.5	260.7	5.9
Rico Investments Limited	5.9	4.9	4.9	5.9	0.1
AAN Engineering Industries Limited	4.2	4.1	3.7	0.3	0.0
Less : Inter Company Sales	(503.4)	(494.7)	(490.5)	(514.7)	(192.6)
Rico Group Consolidated	1412.1	1225.5	1051.3	1021.2	1378.7
PBIDT	166.2	150.2	127.7	108.2	323.9
PBIT	108.5	96.3	81.4	61.4	239.3
PBT	72.1	70.1	63.4	41.2	186.6
PAT	51.0	58.0	51.7	29.7	153.6
Gross Fixed Assets (Incl. CWIP)	832.3	614.1	518.5	895.6	834.4
Net Fixed Assets (Incl. CWIP)	685.4	515.2	472.4	458.1	441.8
Net Current Assets*	248.3	237.6	202.8	182.3	165.0
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	602.5	549.7	510.2	457.1	437.5
Deferred Tax Liabilities	7.4	3.3	7.4	11.9	11.6
Total Loan Funds	378.8	271.9	235.8	227.0	186.1
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	11.8	12.3	12.1	10.6	23.5
ROCE (PBIT/Avg. Capital Employed)	11.9	12.0	11.0	9.1	34.6
RONW (PAT/Avg. Net Worth)	8.7	10.7	10.4	6.4	38.4
Per Share Data (Rs)					
EPS (Rs)	3.7	4.3	3.8	2.2	11.4
Cash EPS	8.0	7.8	7.3	5.6	17.6
Net worth	616.0	563.3	523.7	470.6	451.0

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

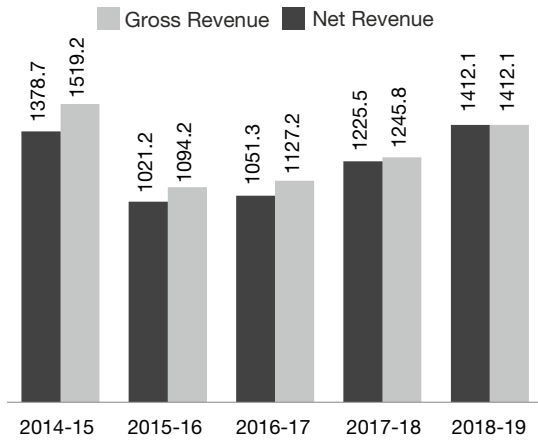
** 50% Joint Ventures till 29th March, 2019.

Profit of 2014-15 includes capital gain on sale of investments in J.V. Company - FCC Rico Limited.

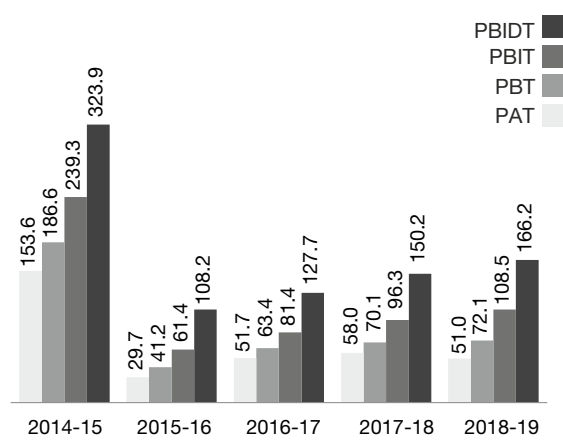
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Consolidated Group

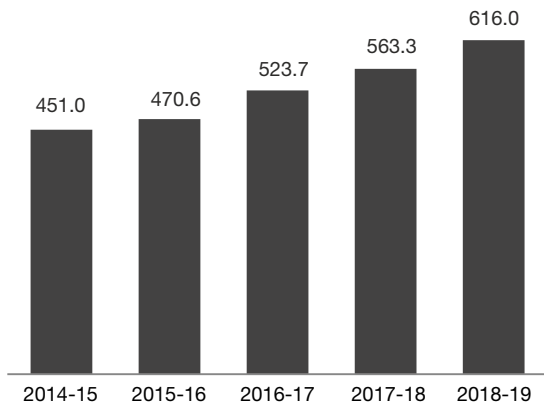
Revenue (₹ in Crores)



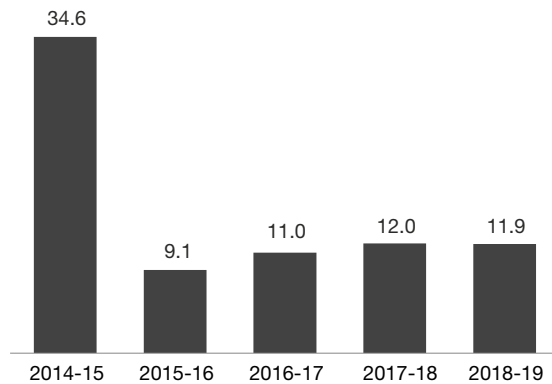
Profitability (₹ in Crores)



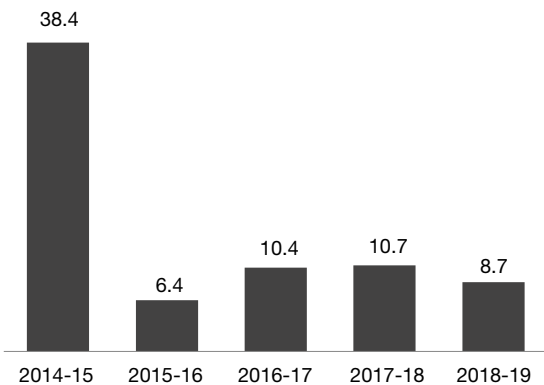
Networth (₹ in Crores)



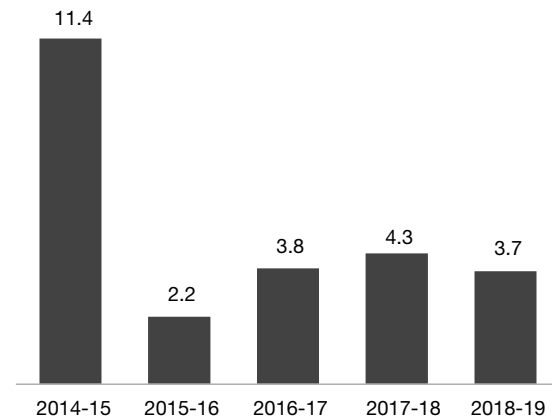
ROCE (Percent)



RONW (Percent)



EPS (₹)



FROM THE Chairman's Desk



Dear Shareholders,

The year gone by has been marked by a slowdown in economic growth and subdued consumer sentiments. The automobile sector has witnessed a consequent impact in demand. As the headwinds continue into the current fiscal, there is the impact of both, low purchasing power as financing from Banks and NBFC are not easily available as well as a slowdown in the investment cycle.

Basis the current economic conditions CRISIL has pared down India's growth estimate for 2019-20 by 20 bps to 6.9%. Meanwhile, RBI has announced an unconventional 35 bps cut in interest rate to support the economy.

As a principle, your Company has focused on dealing with demanding times by strengthening its own capabilities. We continue to hold fort by offering our customers the most innovative, technologically advanced and best-in-class products; engaging with partners for sustainable development; and of course, striving to continuously repay the trust that you, our shareholders have placed on us.

For the FY19, the consolidated net income of Rico Auto stood at INR 1,412 Crores while your Company recorded a PAT of INR 51 Crores. We would like to thank our prestigious customers Hero, BMW, Maruti, Renault, Cummins, Toyota and several others who have helped in the growth of the Company. Your Company also added more customers like PSA, Punch Powertrain, KIA and Daimler.

Going forward, we will continue our focus on quality, efficient capacity utilization as well as build on operational excellence and automation. We are also working towards increasing our global presence in the growing electric vehicle ecosystem. From the existing customers and also from new customers the enquiries are strong and many are getting converted into business both for the Domestic Market and Exports.

As the economy strengthens itself and gets back on its growth trajectory, I strongly believe in your Company's ability to keep learning and innovating as it takes strides towards "Mission 2K20" that of achieving a turnover of INR 2000 Crores in the year 2020.

Let me take this opportunity to thank all our colleagues whose commitment and efforts have gone into adding value at each level of the value chain.

A humble thank you is also due to all our valued customers, business associates and stakeholders who have always supported us.

Arvind Kapur
Chairman, CEO & Managing Director

RICO Core Values

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

T **TEAMWORK**
The power of working together

I **INTEGRITY**
The power of honesty and transparency

C **COMMITMENT**
The power of responsibility, accountability and ownership

EX **EXCELLENCE**
The power of being the best

Key Milestones

2019-20

- Acquired shares of Magna Powertrain GMBH, Joint Venture Partner jointly with stepdown subsidiary Rasa Autocom Limited and renamed to Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited) & thus became the Subsidiary Company
- Added new Plant at Halol (Gujarat) & production started

2015-18

- Initiated After Market Business
- Added new Facilities/Plants at Bawal, Pathredi & Chennai - IATF 16949 **VDA 6.3**
- Added Customers - Bentley, PSA, Daimler, Kia, Punch Powertrain **CAT SQEP - Silver**

2010-14

- Added new Facilities/Plants at Bhiwadi, Sanand, Haridwar & Manesar **GM QSB**
- Added Customers - Musashi, GKN, Toyota, VW, Kohler, Avtec
- Sold stake in JV company namely FCC Rico

2007-09

- JV with MAGNA Powertrain (Oil Pump, Water Pump)
- JV with Jinfei China (Aluminium Alloy Wheels - 2 Wheelers) **FORD Q1**
- Added Customers - JATCO, Magna, Renault, BMW **CAT SQEP-Bronze**

2004-06

- R&D Center Started
- Added Customers - NISSAN, TATA (Small Car Project), Perkins

2003-04

- Enhanced Ferrous and Aluminium Capacity
- Added Customers - GM, Caterpillar, Honeywell, Detroit Diesel, Volvo

2000-02

- Full Service Engineering Design Development Capability **TS 16949, ISO 14001**
- Added Customers - FORD, Land Rover, Jaguar **OHSAS 18001**

1999-00

- Expansion of Aluminium Die Casting & Machining (Gurugram) **QS 9000**

1994-96

- JV (50:50) FCC RICO (Clutch Assembly)
- Started Exports - GM, Eaton, Cummins

1990-92

- International Market OEM Supplier - MEC Japan
- New Plant for Ferrous Casting & Machining (Gurugram) **ISO 9000**
Focus - Maruti Suzuki

1985-86

- Technical Collaboration with FCC Japan for clutches
- Commercial Production Started (1986)
- Aluminium Die Casting & Machining (Dharuhera)
Focus - Hero Honda & Maruti Suzuki

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Team & Corporate Information

Board of Directors

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

Rico Executive Committee (REC)

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

Advisors

O P Aggarwal
 N K Sethi

Chief Financial Officer

Rakesh Kumar Sharma

Company Secretary

B M Jhamb
 FCS No. 2446

Bankers (in alphabetical order)

IndusInd Bank Limited
 Kotak Mahindra Bank Limited
 RBL Bank Limited
 State Bank of India
 Yes Bank Limited

Auditors

Walker Chandiok & Co LLP
 Chartered Accountants
 New Delhi, India

Registered & Corporate Office

38 KM Stone, Delhi-Jaipur Highway
 Gurugram - 122001, Haryana, India
 CIN : L34300HR1983PLC023187
 website: www.ricoauto.in

Registrar & Transfer Agent

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

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 36th Annual Report of your Company, together with the Audited Financial Statements for the year ended 31st March, 2019.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Standalone		Consolidated	
	Current Year 2018-19	Previous Year 2017-18	Current Year 2018-19	Previous Year 2017-18
Net Revenue and Other Income	1224.50	1118.25	1412.06	1245.79
Profit before Interest, Depreciation and Exceptional Items	142.53	128.00	166.22	150.18
Interest and Financial Charges	23.14	17.16	26.79	18.74
Profit before Depreciation, Exceptional Items and Tax	119.39	110.84	139.43	131.44
Depreciation	43.83	40.92	57.70	53.90
Profit before Exceptional Items and Tax	75.56	69.92	81.73	77.54
Exceptional Items	9.13	6.80	9.60	7.43
Profit before Tax (PBT)	66.43	63.12	72.13	70.11
Tax Expense	17.67	13.48	21.10	12.11
Profit after Tax	48.76	49.64	51.03	58.00
Other Comprehensive Income/(Loss) (net of tax)	(0.45)	(0.45)	0.90	0.57
Total Comprehensive Income	48.31	49.19	51.93	58.57

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Company has recorded a gross turnover of ₹1224.50 crores in the year under report as against ₹1118.25 crores in the previous year. Your Company has earned a Profit after Tax (PAT) of ₹48.76 crores during the year under report over the previous year's profit of ₹49.64 crores.

The aftermarket segment of your Company catering to two and four wheeler has an optimistic target of achieving sales of over ₹100.00 crores by 2020-21. The Company has established a strong network of dealers and distributors PAN India while also marking a footprint in Nepal and Sri Lanka. During the financial year 2018-19, a turnover of ₹25.00 crores has been achieved by this segment.

Your Company entered into a Joint Venture Agreement with M/s. Ultra Fairwood PTE Limited, Singapore on 12th December, 2017 to manufacture PODs (Autonomous Electric Vehicles to be run on a dedicated track) for PRT (Personal Rapid Transport), GRT (Group Rapid Transport) or any variant thereof. The said agreement could not materialize due to lack of clear policies of the Government. Hence, the project initiated under above agreement has been closed.

Your Company has also been focusing on tapping the opportunities in emerging Electric Vehicles (EV) market. The Company has already been nominated by Global Customers for critical components for their New Electric Vehicle programs.

DIVIDEND

During the financial year ended 31st March, 2019, your Company has paid an Interim Dividend @ 40 percent i.e. ₹0.40 per Equity Share of ₹1/- each, amounting to ₹6.51 crores including dividend tax of ₹1.10 crores which was declared by the Board of Directors

on 11th February, 2019 and paid on 1st March, 2019. In addition, the Board has recommended a Final Dividend @ 40 percent i.e. ₹0.40 per Equity Share of ₹1/- each for the financial year 2018-19. If approved, the total dividend (interim and final) will amount to ₹13.02 crores including dividend tax of ₹2.20 crores as against a dividend of 80 per cent i.e. ₹0.80 per Equity Share of ₹1/- each aggregating to ₹13.02 crores including dividend tax of ₹2.20 crores in the previous year on the same Equity Share Capital.

TRANSFER TO RESERVES

The Company proposes to retain the entire amount of profits in the Profit and Loss account.

SHARE CAPITAL

The paid-up share capital as on 31st March, 2019 was ₹13,52,85,000 divided into 13,52,85,000 equity shares of ₹1/- each. During the year under review, your Company has neither issued shares with Differential Voting Rights nor granted Stock Options nor Sweat Equity.

EXPORTS

The export turnover of your Company during the year under review was ₹298.39 crores as against ₹268.85 crores in the previous year.

The export turnover includes sales to wholly owned subsidiaries amounting to ₹198.51 crores as against ₹213.14 crores in the previous year. The wholly owned subsidiaries of your Company in United Kingdom and United States of America are engaged in providing last mile sales and customer support in their respective regions.

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

OUTLOOK FOR CURRENT YEAR

The Unaudited Financial Results for the first quarter ended 30th June, 2019, already announced, show a gross turnover of ₹312.11 crores for the first quarter of the current year as against a turnover of ₹311.89 crores in the corresponding quarter of the previous year.

The Profit after Tax stood at ₹6.27 crores for the first quarter ended 30th June, 2019 as against ₹13.57 crores in the corresponding quarter of the previous year. The Earning per Share (EPS) is ₹0.46 for the quarter ended 30th June, 2019 as against ₹1.00 in the corresponding quarter of the previous year. The Company is confident to improve the turnover and margin during the remaining part of the year.

PLANTS AND FACILITIES

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

To augment the existing facilities, new plants are being commissioned at Pathredi and Halol. The Halol Plant went into production in the first quarter of this year while Pathredi Plant will commence production in the 3rd quarter of this year.

SUBSIDIARY COMPANIES

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

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

A. Rico Auto Industries Inc., USA

This Company is engaged in the business of trading of Auto Components and providing warehousing, logistics and last mile support to our OEM and Tier-I Customers in North America, Mexico and Brazil. The Company has recorded a gross turnover of ₹140.47 crores during the financial year ended 31st March, 2019 as against ₹140.67 crores in the previous year.

The Company earned a net profit after tax of ₹1.54 crores in the financial year ended 31st March, 2019 as against ₹1.79 crores in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2019.

This Subsidiary has achieved a gross turnover of ₹34.27 crores for the first quarter ended 30th June, 2019 as against ₹37.24 crores in the corresponding quarter of the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

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

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

This Company is engaged in the business of trading of Auto

Components and providing warehousing, logistics and last mile support to our OEM and Tier-I Customers for the European Markets.

The Company has recorded a gross turnover of ₹97.34 crores during the financial year ended 31st March, 2019 as against ₹83.92 crores in the previous year. The Company earned a net profit of ₹0.60 crore in the financial year ended 31st March, 2019 as against ₹0.50 crore in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2019.

During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

C. AAN Engineering Industries Limited

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

AAN offers an extensive array of services for the manufacture of components/sub-systems within the Defence & Aerospace Industry. These include Design & Development of Tooling, Casting (Aluminium, Ferrous & High Manganese Steel), Machining and Assembly, supported by CAD, CAM, CAE and R&D testing facilities.

AAN currently manufactures and assembles Mechanical Fuses and metal parts for Electronic Fuses with an installed capacity of producing 25000 Fuze body component per month with scalability up to 75000 per month.

AAN works with a wide range of Raw Materials - namely Aluminium Alloy, Alloy Steel & High Manganese Steel & Raw Material/Castings as required by Client. Supplied Track Links for one of the prestigious Tracked Fighting vehicle - T72 in High Manganese Steel grade. In the current year the Company successfully submitted samples for a critical high grade manganese casting for ammunition with Ordnance Factory Board. The Company's capability has been assessed and passed for supplies of Air Force Ammunition.

AAN is empanelled and registered with the Special Products division of Electronics Corporation of India Limited (ECIL), Hyderabad, Bharat Electronics Limited (BEL), Pune, Engine Divisions of Hindustan Aeronautical Limited (HAL) (Bangalore, Nasik and Koraput), Heavy Vehicles Factory (HVF) Avadi, Army Base Workshop and Army Directorate of Indigenization and various Ordnance Factories.

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

During the year under review, the Company has earned a total revenue of ₹4.19 crores against ₹4.10 crores in the last year. During the year, the Company has incurred a loss of ₹1.40 crores against a loss of ₹0.25 crore in the previous year.

This Subsidiary has not earned any revenue in the first quarter ended 30th June, 2019 as against ₹1.89 crores in the corresponding quarter of the previous year. The Company incurred a loss of ₹0.55 crore for the first quarter ended 30th June, 2019 as against ₹0.03 crore profit in the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

D. Rico Investments Limited

During the year under review, this Company has recorded a gross revenue of ₹5.90 crores as against ₹4.92 crores in the previous year. This Company has earned a profit of ₹4.04 crores in the financial year ended 31st March, 2019 as against ₹3.54 crores in the previous year.

This Company has paid an Interim Dividend @ 1 percent i.e. @ ₹0.10 per Equity Share of ₹10/- each, amounting to ₹1.24 crores including dividend tax of ₹0.05 crore which was declared by the Board of Directors on 11th February, 2019 and paid on 25th February, 2019. In addition, the Board of this Company has recommended a Final Dividend @ 1 percent i.e. @ ₹0.10 per Equity Share of ₹10/- each for the financial year 2018-19. If approved, the total dividend (interim and final) will amount to ₹2.48 crores including dividend tax of ₹0.11 crore as against a dividend of 2 percent i.e. ₹0.20 per Equity Share of ₹10/- each aggregating to ₹2.86 crores including dividend tax of ₹0.48 crore in the previous year on the same Equity Share Capital. Your Company expects to receive an amount of ₹1.15 crores by way of dividend on its investment.

This Company has not made any additional investment in its Subsidiary Companies. This Company has the following subsidiaries:

i) Rico Aluminium and Ferrous Auto Components Limited

During the year under review, this Company has recorded a gross turnover of ₹253.54 crores as against ₹248.70 crores in the previous year. This Company has earned a profit of ₹1.09 crores as on 31st March, 2019 as against the loss of ₹0.13 crore in the previous year. Further, this Company has achieved a gross turnover of ₹52.56 crores and incurred a loss of ₹2.33 crores for the quarter ended 30th June, 2019.

This Company has paid an Interim Dividend @ 2 percent i.e. ₹0.20 per Equity Share of ₹10/- each, amounting to ₹1.11 crores including dividend tax of ₹0.19 crore which was declared by the Board of Directors on 11th February, 2019 and paid on 20th February, 2019. In addition, the Board of this Company has recommended a Final Dividend @ 2 per cent i.e. ₹0.20 per Equity Share of ₹10/- each for the financial year 2018-19. If approved, the total dividend (interim and final) will amount to ₹2.22 crores including dividend tax of ₹0.38 crore.

ii) Rasa Autocom Limited

This Company is engaged in the business of manufacturing of High Pressure, Gravity and Low

Pressure Die Cast Auto Components. Its plant is equipped with Automation and better controls to produce high quality parts in large volume for export. This Company has recorded a gross turnover of ₹53.14 crores during the financial year ended 31st March, 2019 as against ₹33.16 crores in the previous year. The Company has earned a profit of ₹1.52 crores in the financial year ended 31st March, 2019 as against the profit of ₹2.63 crores in the previous year.

This Subsidiary has achieved a gross turnover of ₹11.88 crores for the first quarter ended 30th June, 2019 as against ₹14.75 crores in the corresponding quarter of the previous year. The Company has received a Dividend of ₹2.59 crores during the quarter ended 30th June, 2019.

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

This Company has recorded a gross turnover of ₹136.54 crores during the financial year ended 31st March, 2019 as against ₹114.02 crores in the previous year. This Company has incurred a loss of ₹7.60 crores in the financial year ended 31st March, 2019 as against the profit of ₹0.13 crore in the previous year.

Further, this Company has recorded a gross turnover of ₹32.80 crores for the quarter ended 30th June, 2019 as against ₹36.61 crores in the corresponding quarter of the previous year. The Company has earned a profit of ₹0.22 crore for the quarter ended 30th June, 2019.

E. Rico Fluidtronics Limited

During the year under review, Your Company along with its step down Subsidiary namely Rasa Autocom Limited, acquired entire shareholding in M/s. Rico Fluidtronics Limited (Formerly Magna Rico Powertrain Private Limited, a Joint Venture Company) from its JV Partner M/s. Magna Powertrain GmbH, consequently it has become a subsidiary of your Company.

This Company, during the year under review, has recorded a gross turnover of ₹94.15 crores as against ₹93.82 crores in the previous year. This Company has earned a profit of ₹6.31 crores in the financial year ended 31st March, 2019 as against ₹5.81 crores in the previous year. The Members of this Company in their 11th AGM has declared dividend of 12.50 percent for the financial year ended 31st March, 2019 as against maiden dividend of 7.50 percent for the financial year ended 31st March, 2018. Your Company and step down Subsidiary, namely Rasa Autocom Limited has received ₹2.69 crores and ₹2.59 crores, respectively by way of dividend on their investment.

This Company has maintained the consistency in sales and is generating profit continuously and has surplus reserves. On the operational front, this Company is consistently working towards lean set-up to achieve manufacturing excellence at optimum cost.

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

MATERIAL CHANGES AND COMMITMENTS

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

There were no material changes and commitments affecting the financial position of the Company occurring between 31st March, 2019 and the date of this Report.

CREDIT RATING

The India Ratings and Research Private Limited - a Credit Rating Agency, has upgraded the credit ratings on 24th August, 2018, based on a consolidated view of the Company and its Subsidiaries business on the back of their similar business profile, Common Treasury and Management Team and the same are given below:

Credit Ratings:

Particulars	Ratings
Long Term Issuer Ratings	IND A/Stable
INR 1838.20m Term Loans/Letter of Credit	IND A/Stable
INR 2150m Fund and Non-Fund Based Working Capital Limits	IND A/Stable
Short Term	IND A1
Proposed Term Loan/Letter of Credit	Provisional IND A/Stable

The above credit ratings are being reviewed and the revised ratings would be available by end of August, 2019.

FIXED DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

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

RISK MANAGEMENT

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

SECRETARIAL STANDARDS

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In pursuance of the provisions of Section 135 of the Companies Act, 2013, the amount to be spent during the financial year 2018-19, as per computation worked out to be ₹104.00 lakhs. The Company therefore has spent an aggregate amount towards the CSR activities/projects as specified in CSR policy of the Company during the financial year 2018-19. The CSR activities of the Company are being monitored by the CSR Committee. The focus area of CSR activities will be as per Schedule VII of the Companies Act, 2013.

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

VIGIL MECHANISM

The Company has established Vigil Mechanism/Whistle Blower Policy for Directors, Employees, Clients, Vendors, Suppliers and Contractors as an avenue to report concerns including unethical behaviour, actual or suspected, frauds or violation of the Company's code of conduct. The same meets the requirements of

Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is available on the website of the Company i.e. <https://www.ricoauto.in/investor-relation.html>.

RELATED PARTY TRANSACTIONS AND MATERIAL SUBSIDIARIES

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

These Policies are available on the website of the Company i.e. <https://www.ricoauto.in/investor-relation.html>. All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis and prior approval of the Audit Committee was sought for entering into related party transactions. The details are provided in Form AOC-2 which is annexed and forms part of this Report. As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a return has been filed with BSE/NSE. Please also refer Note 43 to the standalone financial statements for related party disclosures.

LISTING OF EQUITY SHARES

The Equity Shares of your Company are presently listed on the BSE Limited and National Stock Exchange of India Limited. The Annual Listing Fees have been paid for the financial year 2019-20.

EXTRACT OF ANNUAL RETURN

In accordance with the provisions of the Companies Act, 2013, the extract of Annual Return in Form MGT-9 is enclosed and forms part of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of investments made, loans and guarantees given are provided in the standalone financial statements. (Please refer to note 06, 07 & 36 of the standalone financial statements).

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

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

The first term of appointment of following Independent Directors of the Company is expiring on 29th September, 2019:

1. Shri Kanwal Monga
2. Shri Amarjit Chopra
3. Dr. Ashok Seth
4. Shri Satish Sekhri
5. Shri Rajeev Kapoor
6. Shri Vinod Kumar Nagar

The Nomination and Remuneration Committee in its meeting held on 2nd August, 2019 has recommended to the Board re-appointment of above Independent Directors for second term. The Board in its meeting held on 2nd August, 2019 has approved the re-appointment of above Independent Directors for second term of five consecutive years commencing from 30th September, 2019 subject to approval of the shareholders.

All Independent Directors of the Company have given declarations confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations, 2015. Details of the proposal including rationale for re-appointment of above Independent Directors are mentioned in the explanatory statement of the notice of AGM.

The Board has re-appointed Shri Arvind Kapur as Managing Director for a further period of five years commencing from 17/12/2019 to 16/12/2024. The Resolution for his re-appointment and remuneration is being placed for your approval by way of Postal Ballot.

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

BOARD MEETINGS

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

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have carried out the annual evaluation of its own performance, the Individual Directors including the Chairman as well as the evaluation of the working of its Committees. The evaluation of Board as a whole and Non-Independent Directors including Chairman was done by the Independent Directors in their meeting held on 29th May, 2019. The manner, in which the evaluation has been carried out, has been explained in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed and there are no material departures;
- ii) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit for the year 1st April, 2018 to 31st March, 2019;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) the annual accounts for the financial year ended 31st March, 2019 have been prepared on a going concern basis;
- v) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATUTORY AUDITORS

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

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

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

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

INTERNAL AUDITORS

The Board has re-appointed M/s. SCV & Co. LLP, Chartered Accountants (Firm Registration No.000235N/N500089), New Delhi as the Internal Auditors of the Company.

APPOINTMENT OF COST AUDITORS AND MAINTENANCE OF COST RECORDS

The Board, on the recommendation of Audit Committee, has appointed M/s. J.K. Kabra & Co., Cost Accountants, New Delhi as Cost Auditors to carry out the cost audit of the Company for the financial year 2019-20. In terms of Section 148 of the Companies Act, 2013 and the rules made thereunder, remuneration of Cost Auditors is to be ratified by members of the Company. Accordingly, a resolution is included in the Notice of ensuing Annual General Meeting for your approval. The Cost Audit Report for the financial year 2018-19 would be filed with the Ministry of Corporate Affairs, New Delhi within the stipulated time.

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

SECRETARIAL AUDITORS

The Board has appointed Shri K. K. Sachdeva of M/s. K.K. Sachdeva & Associates, Company Secretaries (C.P. No. 4721, FCS No. 7153), as Secretarial Auditors to carry out the secretarial audit of the Company for the financial year 2019-20. The Secretarial Audit Report for the financial year ended 31st March, 2019 is enclosed and forms part of this report. There is no secretarial audit qualification for the year under review.

SECRETARIAL AUDIT OF MATERIAL UNLISTED INDIAN SUBSIDIARY

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

Company undertake Secretarial Audit every year under Section 204 of the Companies Act, 2013. The Secretarial Audit of RIL and RAFA for the Financial Year 2018-19 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report of RIL and RAFA submitted by Shri Deepak Bansal, Practising Company Secretary, do not contain any qualification, reservation or adverse remark or disclaimer.

ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the Financial Year 2018-19 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Shri K.K. Sachdeva has been submitted to the Stock Exchanges timely for the Financial Year 2018-19.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

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

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

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

Pursuant to the provisions of the section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules) a Company is required to transfer to the DEMAT Account of IEPF Authority all shares in respect of which dividends have not been paid or claimed for seven consecutive years or more. In accordance with the aforesaid provisions of the Act read with the rules, your Company, during the financial year 2018-19, had transferred 612695 shares pertaining to the financial year 2010-11 to the Demat Account of IEPF Authority within the stipulated time period.

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

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed against the Company by the regulators or courts or tribunals during the financial year 2018-19 impacting the going concern status and Company's operations in future.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

PERSONNEL

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in the Annexure forming part of this Report. The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and forming part of this Report for the year ended 31st March, 2019 are set out in the Annexure of this Report.

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

Secretary at the Registered Office of the Company. The said information is also available for inspection by Members at the Registered Office of the Company during working hours upto the date of the ensuing Annual General Meeting.

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

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

Place : Gurugram
Date : August 02, 2019

ANNEXURE TO DIRECTORS' REPORT

INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

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

A. CONSERVATION OF ENERGY

i) Steps taken or impact on the conservation of energy

Energy Conservation measures taken:

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

- a) Installation of H.T. Capacitors for improving power factor near to unity.
- b) Installation of variable speed drives for the reduction in energy consumption.
- c) Reduced energy consumption through:
 - Installation of LED Lights in place of conventional Lights.
 - Replacement of existing Water feed and circulation pumps with new high efficiency pumps
- d) Installation of LT Capacitor for improving power factor near to unity.

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

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

M.O.U. has been signed with Solar Power Park Developer for buying Solar Power through open access.

iii) Capital Investment on Energy Conservation Equipment

No capital investment has been made during 2018-19.

B. Technology Absorption

i) Efforts made towards technology absorption

- a) Development of Electric Vehicle Parts, in-house developed high strength alloy used, conducted trials & successfully met mechanical properties.
- b) Development of high tonnage transmission parts by aluminium high pressure die casting, Trials conducted, deployed dedicated casting cells to get finish parts.
- c) Development of various Engine Parts by aluminium high pressure die casting, Trials conducted, deployed dedicated casting cells to get finish parts.
- d) Horizontal deployment of automation in casting & machining operation by using Robots, several projects taken, consultation with domain experts sought and trials conducted successfully.
- e) Development of clutch for 2 wheelers, consultation with domain experts sought, CAE simulation done, testing conducted, new material identified & developed in India.
- f) Development of CVT for 2 wheelers, consultation with domain experts sought, CAE simulation done, testing conducted successfully.
- g) Developing the Special Purpose Machine (SPM) for differential case, explored various available solutions and various trials conducted successfully.

- h) While developing new products various improvements and alternatives were analyzed & optimized with the help of casting process simulation software.

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

- a) Development of structural parts - in-house will result in cost reduction & new business opportunity.
- b) High strength Alloy development will result in import substitution, cost reduction & new business opportunity.
- c) Development of 2 Wheeler Clutch in-house will result in cost reduction & Import substitution.
- d) Development of 2 Wheeler CVT in-house will result in cost reduction & Import substitution.
- e) Automation will result in Productivity & Product Quality consistency.
- f) Cycle Time Improvement will result in Productivity & cost reduction
- g) Product improvements - Helped in improvement of Overall Equipment Effectiveness (OEE).

iii) Information regarding imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable

- a) The details of technology imported : NA
- b) The year of import : NA
- c) Whether the technology been fully absorbed : NA
- d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof : NA

iv) Expenditure incurred on Research and Development

a) Capital Expenditure (Net of Sale/ Disposal) including Capital Work- in-Progress as on 31.03.2019	₹7.31 crores
b) Capital Expenditure during the year 2018-19	₹7.33 crores
c) Capital Work-in-Progress during the year 2018-19	Nil
d) Recurring Expenditure	₹14.16 crores
e) Depreciation	₹1.36 crores
f) Total (b to e)	₹22.85 crores
g) Total R&D expenditure as percentage to total turnover	1.86%

C. Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned:

(₹ in Crores)		
Particulars	2018-2019	2017-2018
i) Expenditure in foreign currency	16.03	22.42
ii) Foreign Exchange earned	258.63	255.18

On behalf of the Board of Directors

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

Place : Gurugram
Date : August 02, 2019

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS

1. ECONOMIC OVERVIEW

1.1 Global Economic Overview

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. Global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020. Business confidence and financial market sentiment have been repeatedly buffeted since early 2018 by a still-unfolding sequence of US tariff actions, retaliation by trading partners, and prolonged uncertainty surrounding the United Kingdom's withdrawal from the European Union. The breadth of the tensions widened to include the prospect of US actions relating to Chinese technology companies and the US threat to levy tariffs on Mexico in the absence of measures to curb cross-border migration. The principal risk factor to the global economy is that adverse developments—including further US-China tariffs, US auto tariffs, or a no-deal Brexit—sap confidence, weaken investment, dislocate global supply chains, and severely slow global growth below the baseline. Despite the rise in crude prices, inflations across most developed and major developing economies remained low. This slowdown in economic activity appeared to be synchronised and was reflected in several downward revisions to the 2019 global growth forecasts.

It is imperative for countries to collectively resolve their trade disagreements and the resulting high policy uncertainty, rather than raising harmful barriers further and destabilizing an already slowing global economy. Across all economies, measures are needed to boost potential output growth, enhance inclusiveness, and strengthen fiscal and financial buffers in an environment of high debt burdens and tighter financial controls.

1.2 Indian Economic Scenario

During the year 2018-19, the Indian economy faced several headwinds both from domestic and external factors. India has maintained its 6th largest position in terms of the fastest growing trillion dollar economy. However, the economy was expected to grow at a lower rate of 6.8% in 2018-2019 in spite of a robust growth of 7.2% in the previous year. A slowdown in the investment activity, tighter funding conditions, a decline in consumer confidence, high real interest rates, delayed monsoon and weakened consumer sentiment due to a large non-banking financial company announcing its inability to address liabilities were some of the factors that contributed to the overall sluggishness. The role of global factors is also very significant; slower growth in India's trading partners acted as a major drag on economic activity during this period. This largely affected the country's credit expansion, financial markets and consumer sentiment, which decreased the GDP growth of 6.6% and 5.8% in the last two quarters compared with 8% and 7% GDP in the former quarters.

Weak global macro economic conditions, and a negative fiscal impulse are assumed to be a drag on economic activity. Going by the latest budget, various policy reform measures have been proposed and implemented for strong fundamental growth, revival of the rural economy and boost consumption. Overall adherence to fiscal discipline remains critical at this juncture so that productive expenditure is not pruned in a bid to meet the fiscal targets. Besides, the present government's sweeping majority in the recent general assembly elections ensures continuity of reforms and

growth agenda, going forward. However, weakening investment activity, probability of El Nino effects on monsoon and uncertain global outlook could impact the growth going forward.

OUTLOOK

The most prominent challenge for the Government is likely to arise from making the right policy decisions about the fiscal expenditure mix at the same time encouraging private players so as to avoid any long-term costs. The economy has endured its fiscal numbers mainly to stimulate growth amid pressure to cut taxes, increased budgetary allocations to social sectors, and enhanced infrastructure spending that could pressure public finance. On a broader perspective the government has to focus on the revenue collection and disinvestment targets would be crucial to ensure the budgeted reduction in the fiscal-deficit-to-GDP ratio by carefully managing its public finances and shift focus to projects that can foster private investment. Going forward, one of the major risks to the economy remains sharp increases in oil prices, which could adversely affect inflation, fiscal deficit and the current account deficit. Risks on the external front continue to loom on account of a possible slowdown in the global economy, elevated protectionist tendencies, US trade relations with China and other countries amid tariff impositions, Brexit related uncertainty in the UK and monetary policy uncertainty in the developed nations especially in the US.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

2.1 Global Automobile Industry

The automotive industry has evolved significantly over the past decade. Digital technology, electrified, connected and autonomous vehicles, change in customer sentiment, strict environmental and safety regulations are playing vital role in this evolution. OEMs and other key industry players are taking note of this evolution and investing heavily in non-commercial business practices of manufacturing vehicles.

The global automotive industry is going through a challenging phase in 2019, with OEMs especially facing multiple obstacles all over the world. China faced its first even decline in vehicles sales in over 20 years, the USA market grew marginally, the shockwaves of Brexit and USMCA deal are expected to create across global markets and the new US-China trade war. Similar as previous years, trends such as declining sedan sales, increasing alternative fuel powertrains especially electric vehicles, and more value-added services in digital retail will continue to remain dominant in the automotive industry. New and alternative forms of vehicle ownership are becoming more popular, especially subscription services and e-powered ride-hailing services.

Increasing pressure, combined with new threats from tech companies trying to muscle into the auto business, could eventually force carmakers into mergers. Sales are being undermined by the economic slowdown, escalating trade tensions and dramatic regulatory changes, driven in part by the climate crisis.

More challenging, perhaps, is the introduction of tough new CO2 emission standards, designed to tackle global warming, that make it much more expensive to build cars.

Global sales of battery electric cars surged 73% in 2018 to 1.3 million units, but that was still just a fraction of the 86 million cars sold overall. Traditional car companies are having to fight to stay relevant as technology giants such as ride-hailing firm Uber and Google's driverless car business Waymo dive into this market.

2.2 Indian Automobile Industry

Looking at the new industry trends and opportunities, India is becoming one of the biggest automobile markets in the world. Industry is expected to become the 4th largest producer globally by 2020 and the auto components industry to become the 3rd largest in the world by 2025.

Major global OEMs have made India a component sourcing hub for their global operations for being geographically closer to key automotive markets like the Middle East & Europe. Reduction in GST rates on motor vehicles sector, growing working population & expanding middle class are expected to remain key demand drivers. Automotive Mission Plan (AMP) 2026 aims to make Indian automotive industry to be the engine of 'Make in India' initiative. It envisages Indian automotive industry to grow around 300 billion by 2026 by strengthening the core areas and competitiveness. Exports will form a key component in achieving this target which currently is in deficit. These initiatives focus on creating more jobs and form a major contribution to GDP growth.

Other initiatives like National Automotive Testing and R&D Infrastructure Project (NATRIIP) and The National Electric Mobility Mission Plan (NEMMP) 2020 focus on developing manufacturing capacities, encourage R&D, and technology adaptation. This drives India's car market potential to grow to six Million-plus units annually by 2020, bifurcating Tractor sales in the country expecting to grow at CAGR of 8-9% in the next five years, scoping India's market potential for international brands. Significant opportunities also exist in rural markets.

Automobile sales and production trends

In the past few years, government has launched various schemes and plans for faster Adoption and manufacturing of hybrid & electric vehicles as well as incentivizing all vehicle segments i.e. 2 Wheeler, 3 Wheeler Auto, Passenger 4 Wheeler Vehicle, Light Commercial Vehicles and Buses.

For FY2019, industry produced a total 3,09,15,420 (30.9 million) vehicles, including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in FY19, against 2,90,94,447 (over 29.1 million) in FY18, registering a growth of 6.3% compared to 14.8% growth during FY18. In FY 2019, 26.2 million new vehicles were sold in India which grew 5.1% from 24.9 million vehicles sold in FY 2018. The five-year CAGR (FY 2014-19) for all vehicles sales was 7.4%, reflecting that it is cyclical in nature.

Domestic Sales (in units)

Type	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR
All vehicles Growth	18,423,223	19,724,371 7.1%	20,468,971 3.8%	21,863,281 6.8%	24,981,312 14.3%	26,267,156 5.1%	7.4%
CV Growth	632,851	614,948 -2.8%	685,704 11.5%	714,082 4.1%	856,916 20.0%	1,007,319 17.6%	9.7%
PV Growth	2,503,509	2,601,236 3.9%	2,789,208 7.2%	3,047,582 9.3%	3,288,581 7.9%	3,377,436 2.7%	6.2%
2W Growth	14,806,778	15,975,561 7.9%	16,455,851 3.0%	17,589,738 6.9%	20,200,117 14.8%	21,181,390 4.9%	7.4%
3W Growth	480,085	532,626 10.9%	538,208 1.0%	511,879 -4.9%	635,698 24.2%	701,011 10.3%	7.9%

(Source: SIAM)

Automobile Exports Trends

Total exports have shown growth in the same direction from 40,41,236 units in FY 18 to 46,24,654 units in FY19, registering a growth of 14.4%. But exports for passenger vehicles faced challenges and slides 9.6%. Meanwhile, 2W Vehicle and 3W Vehicle segment have shown growth of 16.5% and 49% respectively.

The slowdown in new vehicle sales of PVs in the second half coincided with most NBFCs facing liquidity issue with elevation in their cost of funds. This resulted in rise in fresh loans yields and higher Loan to Value ratio (LTV) in some cases. However, despite the above, most vehicle lending NBFCs reported some slowdown with lower incremental loan spreads. PV sales growth can be driven by increase in nuclear families, rise in disposable income, shorter replacement cycles, launch of newer models and electric vehicles in the years to come.

M&HCV and LCV should continue to witness strong tailwinds and be aided by improved road infrastructure, Goods and Services Tax (GST) implementation paving way for bigger warehouses, increased e-tailing, last mile delivery opportunities and migration to newer emission standards.

2.3 Indian Auto Component Industry

Auto components production in FY 19 increased by 12-14 percent due to vigorous growth in domestic and export

market. Over the last decade, the automotive components industry has registered a CAGR of 6.83 per cent and has reached to US\$ 51.20 billion in FY 18 while exports have grown at a CAGR of 11.42 per cent to US\$ 13.5 billion. The capital expenditure by the domestic automotive component manufacture is expected at around ₹24,000 crore (US\$ 33.26 billion) over the FY19 and FY20. Domestic auto component industry is expected to de-grow in FY20 owing the sluggishness in the economy. However, the growth of global OEM sourcing from India and the increased indigenization of global OEMs is turning the country into a preferable designing and manufacturing base.

The auto-components industry is expected to follow OEMs in adoption of electric vehicle technologies. The global move towards electric vehicles will generate new opportunities for automotive suppliers. The mass conversion to electric vehicles may generate a US\$ 300 billion domestic market for EV batteries in India by 2030.

Source: SIAM, IBEF, ACMA, World Bank Report 2019.

OUTLOOK

The Government of India allowed 100 per cent Foreign Direct Investment under the automatic route to encourage foreign investments. According to the Department of Industrial Policy and Promotion (DIPP), Foreign Direct Investments have been attracted by the automotive industry which amounted to US\$ 18.5 billion

during the period of April, 2000 to December, 2017. Recent initiatives of the government in the Auto Industry include shortlisting 11 cities for introducing EVs under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles) in India under Ministry of Heavy Industries. It is procuring 10,000 e-vehicles, contracts being awarded to Tata Motors (250 e-cars) and Mahindra and Mahindra (150 e-cars) under the Ministry of Power and New and Renewable Energy. In addition to this, a committee is proposed to be set up by the government to develop an institutional framework for large-scale production and adoption of EVs in India as a clean energy mode. This will bring down adverse environmental effects caused by the soaring pollution levels. Indian Auto Industry provides great opportunities of investments directly linked to growth due to three key drivers: Low-cost steel production, skilled labour and robust R&D.

Source: SIAM, IBEF, ACMA, World Bank Report 2019.

COMPANY REVIEW

Rico Auto Industries Limited (RICO) is an integrated Auto Component Manufacturer present in the value chain from 'Design to Delivery'. RICO manufactures and supplies Aluminum and Ferrous Machined Components and Assemblies to Original Equipment Manufacturers (OEMs) and Tier-1 customers across the globe.

OPPORTUNITIES

India is projected to become the fourth largest player by 2020 in the Automobile Industry trailing China, US and Japan. Even though there have been some headwinds plaguing the industry lately, yet the growing middle class, improving rural economy and urbanization continue to push the demand. Also India is preferred for sourcing by global OEMs for its design and manufacturing capabilities at competitive prices.

As a world class engineering company, we are strongly entrenched as a credible supplier to automotive OEMs. Our strong R&D Centre ensures that we provide state-of-the-art solutions and remain committed to developing new products. New expansions and facilities have come up in Bawal, Chennai, Halol & Pathredi that will further help us to consolidate our position. Overall the Company's continuous zeal to strengthen its own internal capabilities and offer sustainable development go a long way in overcoming any short-term environmental challenges & converting them into strengths.

THREATS AND ITS MANAGEMENT

The Company is extremely agile when it comes to risk management and mitigation strategies.

The Company's global presence means that it is exposed to risks in different markets when it comes to impact of protection, competition amongst players, increase of new entrants in the business and other such factors. The Company's diverse portfolio of products, however, allows it to cater to different demand segments as well as geographies, thereby mitigating risk. There is also a threat of cheaper imports of components from China, however, the representative bodies like ACMA keep a watch and prompt the government for imposing anti-dumping duties wherever practicable.

In the wake of the 2020 BS-VI directive, there is the need for all manufacturers to gear up to meet the environmental regulations. Also with the growth in Electric Vehicles, there is the increased probability of new joint ventures & arrangements within players to cater to the new requirements.

The Company has a healthy debt-equity ratio and relies on a mix of loan portfolio and internal cash accruals to fund its expansion plans.

With quality manpower being a strong growth factor, the Company also imparts regular trainings and other initiatives to keep employee morale high, so that the attrition rates are kept under check.

OUTLOOK

The ability to retain old customers as well as add new ones, has led to a healthy order book for the Company. We also remain focussed on our automation drive as well as on LEAN transition. The aftermarket business remains one of our focus areas with the launch of wheels, braking system, clutch assembly and other components. We are also focussing on products such as Turbo Manifolds, Structural parts, EV powertrain parts as also Continuously Variable Transmission (CVT) for two-wheelers.

FINANCIAL PERFORMANCE (STANDALONE)

1. Revenue

Gross revenue of ₹1224.50 crores was recorded in the financial year ended 31st March, 2019 as against revenue of ₹1118.25 crores in the previous year, a growth of 9.50 per cent. The total revenue for the financial year ended 31st March, 2019 includes export revenue of ₹298.39 crores as against ₹268.84 crores in the previous year, a growth of 10.99 per cent.

2. Profits

The Company has earned Profit before Interest, Depreciation and Tax (PBIDT) of ₹142.53 crores during the financial year ended 31st March, 2019 over the previous year's PBIDT of ₹127.99 crores. The Profit before Tax of ₹66.43 crores and Profit after Tax of ₹48.76 crores were recorded in the financial year 2018-19. In order to address the impact of interest rate, material cost, energy cost, availability of power and volatility in foreign exchange, your Company is taking appropriate measures to improve the profitability for a sustained growth.

3. Earnings Per Share (EPS)

The Basic and Diluted EPS of ₹1/- paid-up share is ₹3.60 and ₹3.60 respectively for the financial year ended 31st March, 2019. The previous year's Basic and Diluted EPS was ₹3.67 and ₹3.67 respectively on ₹1/- paid-up share.

4. Dividend

During the financial year ended 31st March, 2019, your Company has paid an Interim Dividend @ 40 percent i.e. ₹0.40 per Equity Share of ₹1/- each, amounting to ₹6.51 crores including dividend tax of ₹1.10 crores which was declared by the Board of Directors on 11th February, 2019 and paid on 1st March, 2019. In addition, the Board has recommended a Final Dividend @ 40 percent i.e. ₹0.40 per Equity Share of ₹1/- each for the financial year 2018-19. If approved, the total dividend (interim and final) will amount to ₹13.02 crores including dividend tax of ₹2.20 crores as against a dividend of 80 percent i.e. ₹0.80 per Equity Share of ₹1/- each aggregating to ₹13.02 crores including dividend tax of ₹2.20 crores in the previous year on the same Equity Share Capital.

5. Reserves and Surplus

The reserves and surplus of the Company stood at ₹566.76 crores as against ₹530.73 crores in the previous year. During the financial year 2018-19, no amount was transferred to general reserves.

6. Loan Funds

Total debt outstanding as on 31st March, 2019 stands at Term Loan & Buyers Credit of ₹197.01 crores and Working Capital Loan of ₹142.62 crores aggregating to ₹339.62 crores as against Term Loan & Buyers Credit of ₹125.99 crores and Working Capital Loan of ₹127.71 crores aggregating to ₹253.70 crores in the previous year. Low cost funds have substituted high cost loans, improving the finance cost.

KEY FINANCIAL RATIOS

During the year, there were no significant variations in the key financial ratios such as Debtors Turnover, Inventory Turnover, Interest Coverage Ratio, Current Ratio, Debt Equity Ratio, Operating Profit Margin and Net Profit Margin as compared to previous financial year and these ratios are in line with those of previous financial year.

The Return on Net Worth marginally drops from 9.40% in the previous year to 8.70% in the current year on the base of a modest profit growth amidst challenging business environment encountered during the year.

RISKS AND CONCERNS

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

RICO EXECUTIVE COMMITTEE (REC)

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

Our people have always been our most valued resource and their development is our prime focus. We support our people with continuous in-house and external trainings and boost their morale & performance through employee engagement activities like Kaizen Awards, Quality Circle, Family Connect Program, Sports Activity & Town Hall meetings etc.

There are 3295 employees including 1910 contractual employees in the Company as on 31st March, 2019.

ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT

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

We encourage employees to report near miss, unsafe condition/action and to take proactive, preventive actions for the same. This strategy will help us to improve EHS performance indicators e.g. reduction in Lost Time Injury Frequency Rate (LTIFR) and Severity Rate. We believe that health is wealth, so regular health camps and awareness sessions are incorporated in the EHS plan. We are committed for continual improvement in the ISO-14001 and OHSAS-18001 Systems. We verify adherence to the EHS systems through internal and external audits.

INFORMATION TECHNOLOGY

The Company is continually acquiring state-of-the-art technology and information resources. Continuous improvement in terms of availability and security of information is our prime motto. Several initiatives are taken to improve automation, process performance & controls. Technologies like Disaster recovery site, Private Cloud and Cloud Storage are helping us to protect vital information in the event of any disaster. The Company is moving more towards generating business intelligence reports using IT Infrastructure & implementing collaboration technology to improve productivity. The Company operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 and a certificate in that respect has been received from KVQA.

INDIAN ACCOUNTING STANDARDS (Ind AS)

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

RESEARCH AND DEVELOPMENT (R&D)

Rico Research & Development Team is continuously engaged in providing competitive advantage over others in terms of technology, cost & delivery. Team has provided many new solutions & processes for various customers to meet their requirements.

RICO has R&D Centre approved by the Department of Scientific and Industrial Research (DSIR). It has dedicated and experienced professionals along with advanced testing facilities, test rigs, simulation & CAD software etc.

Research & Development Team continuously working on some of the new initiatives like development of 2 wheeler clutches, CVT, friction material, structural parts etc., which will open new opportunities for business growth.

CAUTIONARY NOTE

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

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT COMPANY'S PHILOSOPHY

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

The Company is in compliance with the requirements of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the compliance report for the period from 1st April, 2018 to 31st March, 2019 on the Corporate Governance is given below:

1. COMPOSITION OF BOARD

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

Particulars of Directors of the Company and their Directorship in other Companies, Membership/Chairmanship in committees across all Companies in which they are Directors and shareholding in the Company as on 31st March, 2019 are as follows:

Name of the Director/Category	DIN	Number of Committees		Number of other Directorship held*	Shareholding as on 31/03/2019
		Membership held*	Chairmanship held*		
Non-Executive Independent Directors					
Shri Kanwal Monga	00153473	—	—	1	Nil
Shri Amarjit Chopra	00043355	1	3	3	Nil
Dr. Ashok Seth	00050540	—	—	—	25000
Shri Satish Sekhri	00211478	3	1	3	1900
Shri Rajeev Kapoor	02051466	1	—	1	Nil
Shri Vinod Kumar Nagar	02487061	2	1	1	Nil
Non-Executive Directors					
Shri Rakesh Kapur	00100359	1	—	2	2456464
Smt. Upasna Kapur	00327461	—	—	1	966920
Executive & Promoter Directors					
Shri Arun Kapur, Joint Managing Director	00100270	—	1	1	8708416
Shri Arvind Kapur, Chairman, CEO & MD	00096308	2	—	5	12674960

* Excluding Private Limited Companies, Foreign Companies and LLPs.

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

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

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

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

List of Core Skills/Expertise/Competencies

- Management, Business Advisory, Strategy
- Operations and Engineering
- Commercial, Purchase and Supply Chain Management
- Manufacturing and Project Management
- Sales, Marketing and Exports
- Information Technology, Systems and Computers
- Finance, Taxation, Corporate Banking, Auditing, Corporate Laws and Other Regulatory Matters
- Human Resources, Industrial Relations and CSR

The name of listed entities (including this Company), where the Directors of the Company as on 31st March, 2019, hold directorship and the category thereof are furnished below:

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

A. Managing Director and Joint Managing Director

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

B. Board Meetings

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

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

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

*35th Annual General Meeting (AGM) held on 29th September, 2018 at the Registered Office of the Company.

The Board met four times during the financial year 2018-19. The meetings were held on 25/05/2018, 03/08/2018, 02/11/2018 & 11/02/2019. The interval between any two meetings was well within the maximum period of 120 days.

C. Post Meeting Follow-up

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

D. Familiarisation Programme for Independent Directors

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

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

E. Board Evaluation

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

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

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations and the Guidance Note of Board Evaluation issued by SEBI in January, 2017, your Company has carried out Performance Evaluation in respect of above for the financial year ended 31st March, 2019.

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

F. Independent Directors

Independent Directors of the Company met separately on 11th February, 2019 and 29th May, 2019, without the presence of Non-Independent Directors and members of Management. All the Independent Directors were present at these meetings except Shri Kanwal Monga on 11th February, 2019 and Dr. Ashok Seth on 29th May, 2019. In accordance with the provisions of Listing Regulations and the Companies, Act, 2013, following matters were, inter alia, reviewed and discussed in the meeting:

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

2. COMMITTEES OF THE BOARD

The Board of Directors have constituted Committees to deal with specific areas and activities which concern the Company and need a closer review. The Board Committees are formed and their scopes are defined with approval of the Board. These Board Committees play an important role in overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals, takes necessary steps to perform its duties entrusted by the Board. To ensure good governance, the Minutes of the Committee Meetings are placed before the Board on regular basis.

The Board has the following Committees:

A. AUDIT COMMITTEE

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

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

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Amarjit Chopra	Chairman	4	4
Shri Satish Sekhri	Member	4	4
Shri Rajeev Kapoor	Member	4	4
Shri Vinod Kumar Nagar	Member	4	4

The Audit Committee met four times during the financial year 2018-19. The meetings were held on 24/05/2018, 03/08/2018, 02/11/2018 & 11/02/2019.

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

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

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

B. NOMINATION AND REMUNERATION COMMITTEE

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

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

i) Composition & Attendance

At present, the Nomination and Remuneration Committee consists of four Independent Directors and one Executive Director. The Committee Meetings were held on 25/05/2018, 03/08/2018 & 11/02/2019 during the financial year 2018-19. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Satish Sekhri	Chairman	3	3
Shri Kanwal Monga	Member	3	2
Shri Amarjit Chopra	Member	3	3
Shri Rajeev Kapoor	Member	3	3
Shri Arvind Kapur	Member	3	3

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

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

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

iii) Remuneration to Directors

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

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

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

(₹ in Lakhs)

Name of the Director	Sitting Fees	Salary	Perks	Commission	Total
Non-Executive Directors					
Shri Kanwal Monga	1.60	N.A.	N.A.	9.00	10.60
Shri Amarjit Chopra	4.85	N.A.	N.A.	9.00	13.85
Dr. Ashok Seth	1.30	N.A.	N.A.	9.00	10.30
Shri Satish Sekhri	4.65	N.A.	N.A.	9.00	13.65
Shri Rajeev Kapoor	4.85	N.A.	N.A.	9.00	13.85
Shri Vinod Kumar Nagar	4.70	N.A.	N.A.	9.00	13.70
Shri Rakesh Kapur	2.40	N.A.	N.A.	9.00	11.40
Smt. Upasna Kapur	2.00	N.A.	N.A.	9.00	11.00
Executive Directors					
Shri Arun Kapur	N.A.	38.71	25.93	Nil	64.64
Shri Arvind Kapur	N.A.	290.16	83.01	Nil	373.17

iv) Remuneration Policy

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

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

v) Stock Option

At present the Company has no stock option plans.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

The Stakeholders Relationship Committee met four times during the financial year 2018-19. The meetings were held on 24/05/2018, 03/08/2018, 02/11/2018 & 11/02/2019. The Committee deals in matters relating to redressing of investors complaints such as non-receipt of shares, non-receipt of dividends and other related matters.

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

The total number of complaints received and replied to the satisfaction of shareholders during the year ended 31st March, 2019 were twenty six (26). There were no pending complaints as on 31st March, 2019.

D. SHARE TRANSFER COMMITTEE

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

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Arvind Kapur	Chairman	13	13
Shri Vinod Kumar Nagar	Member	13	12
Shri Arun Kapur	Member	13	12
Shri Rakesh Kapur	Member	13	13

The Share Transfer Committee met Thirteen times during the financial year 2018-19. The meetings were held on 07/05/2018, 25/05/2018, 03/08/2018, 21/09/2018, 03/10/2018, 18/10/2018, 02/11/2018, 20/11/2018, 05/12/2018, 20/12/2018, 23/01/2019, 11/02/2019 & 28/03/2019. The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate and split share certificates, review of dematerialized and rematerialized shares.

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

E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

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

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

The CSR Committee met four times during the financial year 2018-19. The meetings were held on 25/05/2018, 03/08/2018, 02/11/2018 & 11/02/2019.

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

The Company has CSR Policy which is available at Company website <https://www.ricoauto.in/investor-relation.html>. The CSR Report for the financial year 2018-19 is annexed with the Directors' Report.

3. DETAILS OF GENERAL BODY MEETINGS

Financial Year	Type of Meeting	Location of Meeting	Date	Time
2015-2016	33 rd AGM	Registered Office at Dharuhera	23/09/2016	12.00 Noon
2016-2017	34 th AGM	Registered Office at Gurugram	22/09/2017	12.00 Noon
2017-2018	35 th AGM	Registered Office at Gurugram	29/09/2018	12.00 Noon

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

33rd AGM (23/09/2016)

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

34th AGM (22/09/2017)

1. Approval of payment of Remuneration to Shri Arvind Kapur (DIN:00096308), Chairman, CEO & Managing Director of the Company.

35th AGM (29/09/2018)

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

Postal Ballot

During the financial year 2018-19, no resolution was passed through Postal Ballot. A Special Resolution for Re-appointment of Shri Arvind Kapur, Chairman, CEO & Managing Director for five years from 17th December, 2019 to 16th December, 2024 and payment of remuneration, is proposed to be passed through Postal Ballot as on the date of this report.

4. DISCLOSURES

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

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

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

ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to the capital markets, during the last three years:

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

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

Pursuant to section 177(9) of the Companies Act, 2013 and in compliance with the SEBI Regulation the Audit Committee of the Company has approved the policy/mechanism on dealing with Whistle Blowers. The Audit Committee reviews the same as and

when required. The said policy/mechanism is also available on Company's website at <https://www.ricoauto.in/investor-relation.html>. During the financial year under review no complaint was received to be referred to the Audit Committee and no person was denied access to the Audit Committee.

iv) Risk Management:

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

v) Disclosure of Accounting Treatment:

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

vi) Preferential Issue:

During the financial year 2018-19, no Preferential Issue was made.

vii) Management Discussion and Analysis (MDA):

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

viii) Compliance with Mandatory Requirements:

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

ix) Adoption of the Non-Mandatory Requirements:

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

a) The Board

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

b) Shareholder Rights

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

c) Audit Qualifications

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

d) Separate posts of Chairman and CEO

The Executive Chairman is also holding the position of CEO and Managing Director.

e) Reporting of Internal Auditor

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

x) Related Party Transaction

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

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

The Company manages its Commodity Price Risks by Linked Indexation with its customers which are settled quarterly as per benchmark reference. Similarly on Foreign Exchange Risk, the Company has Robust Exports and enjoys a Natural Hedge over the Imports/Borrowings denominated in Foreign Currency. It has an elaborate Forex Policy which is approved by the Board. The details of the Foreign Currency Exposure as on 31st March, 2019 are disclosed in notes of the Standalone Financial Statements.

5. MEANS OF COMMUNICATION

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

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

ii) Quarterly/Annual Results and Shareholding Pattern are displayed on Company's website at <https://www.ricoauto.in/investor-relation.html> and all important/price sensitive informations are submitted to the BSE/NSE where the shares of the Company are listed and these Stock Exchanges display these announcements on their respective websites.

- iii) The Company's official press releases and any presentation made to the Institutional Investors or/and Analysts are displayed on website of the Company viz. <https://www.ricoauto.in/investor-relation.html>
- iv) The Shareholder Information section forms part of the Report.

6. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

Shri K.K. Sachdeva of M/s. K.K. Sachdeva & Associates, Company Secretaries (CP No.4721, FCS No.7153) carried out Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital as on 31st March, 2019 is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Report is being submitted to the Stock Exchanges and is also placed before the Board Meetings from time to time for confirmation.

7. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

Pursuant to SEBI (Prohibition of Insider Trading Regulations), 2015, the Company had a Board approved Code of Conduct to regulate, monitor and report trading by insiders ('code of conduct') and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('code of fair disclosure').

During the year under review, SEBI has amended SEBI (Prohibition of Insider Trading) Regulations, 2015. In view of the amendment to the said Regulations, the Board of Directors, by way of Circular Resolution passed on 30th March, 2019, approved the following w.e.f. 1st April, 2019:

- i) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information;
- ii) Code of Conduct to Regulate, Monitor and Report Trading by Insiders;
- iii) Whistle Blower Policy; and
- iv) Policy and Procedures for inquiry in case of Leak of Unpublished Price Sensitive Information or suspected Leak of Unpublished Price Sensitive Information.

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

8. DIVERSITY ON THE BOARD OF THE COMPANY

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

9. DIRECTORS AND OFFICERS INSURANCE

The Company had undertaken Directors and Officers insurance ('D and O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Company.

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

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2018-19.

11. CREDIT RATINGS

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2018-19.

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

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

13. REQUIREMENTS OF CORPORATE GOVERNANCE

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

14. CODE OF CONDUCT

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

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

I hereby confirm that:

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained from all the Board Members and Senior Management personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management in respect of the financial year ended 31st March, 2019.

Place : Gurugram
Date : May 29, 2019

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

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

This is to certify that:

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These financial statements and other financial information included in the report, present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2019 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee that there are no deficiencies in the design or operation of internal controls.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) that there has not been any significant changes in internal control over financial reporting during the year under report;
 - ii) that there has not been any significant changes in accounting policies; and
 - iii) that we are not aware of any instances during the year under report of any fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Gurugram
Date : May 29, 2019

Rakesh Kumar Sharma
Chief Financial Officer

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

GENERAL SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**
Day, Date and Time : Monday, 30th September, 2019 at 12.00 Noon
Venue : 38 KM Stone, Delhi-Jaipur Highway,
Gurugram - 122001 (Haryana) India
2. **Financial Calendar**
Financial Year : 1st April to 31st March
For the year 2018-19, Results were announced on
First quarter ended 30th June, 2018 : 3rd August, 2018
Second quarter and half year ended 30th September, 2018 : 2nd November, 2018
Third quarter ended 31st December, 2018 : 11th February, 2019
Fourth quarter and year ended 31st March, 2019 : 29th May, 2019

For the year 2019-20, Results will be announced on (Tentative)
First quarter ended 30th June, 2019 (announced) : 2nd August, 2019
Second quarter and half year ending 30th September, 2019 : 8th November, 2019
Third quarter ending 31st December, 2019 : 7th February, 2020
Fourth quarter and year ending 31st March, 2020 : May, 2020
3. **Dates of Book Closure** : 24th September, 2019 to 30th September, 2019
(both days inclusive)
4. **Dividend Payment Date** : Dividend @ ₹0.40 per share would be paid within 30
days of declaration by the Shareholders in the
Annual General Meeting.
5. **Registered Office** : 38 KM Stone, Delhi-Jaipur Highway,
Gurugram - 122001 (Haryana) India
6. **Registrar and Transfer Agent** : M/s. MCS Share Transfer Agent Limited
(Common for Physical Transfer as well as
Dematerialisation of Shares) F-65, Okhla Industrial Area, Phase I,
New Delhi - 110020
7. **Plant Locations**

Dharuhera Plant

69 KM Stone, Delhi-Jaipur Highway
Dharuhera, Distt. Rewari - 123110 (Haryana) India

Gurugram Plant

38 KM Stone, Delhi-Jaipur Highway
Gurugram - 122001 (Haryana) India

Haridwar Plants

- i) Plot No.1, Industrial Park IV, Village Begumpur,
Distt. Haridwar - 249403 (Uttarakhand) India
- ii) Plot No.32, Industrial Park IV, Village Begumpur,
Distt. Haridwar - 249403 (Uttarakhand) India

Sanand Plant

Plot No.D2, Tata Motors Vendor Park, Village Sanand,
P.O. Viroch Nagar, Ahmedabad - 382170 (Gujarat) India

Chennai Plant

Plot No.A9, SIPCOT Industrial Growth Centre,
Oragadam, Chennai - 602105 (Tamilnadu) India

Bawal Plant

Plot No.23, Sector-5, HSIIDC, Phase-II, IMT
Bawal - 123501, Distt. Rewari (Haryana) India

Bawal Plant : Rasa Autocom Limited

Plot No.21, HSIIDC Phase-II, IMT Bawal - 123501
Distt. Rewari (Haryana) India

Bawal Plant : Rico Jinfei Wheels Limited

Plot No.22, HSIIDC Phase-II,
IMT Bawal - 123501 Distt. Rewari (Haryana) India

Manesar Plant : Rico Jinfei Wheels Limited

Plot No.397, Sector-8, IMT Manesar,
Gurugram - 122050 (Haryana) India

Manesar Plant : Rico Aluminium & Ferrous Auto Components Ltd.

Plot No.84, Sector-8, IMT Manesar,
Gurugram - 122050 (Haryana) India

Manesar Plant : Rico Fluidtronics Limited

(formerly Magna Rico Powertrain Private Limited)
Plot No.11, Sector-8, IMT Manesar,
Gurugram - 122050 (Haryana) India

Pathredi Plant

Plot No.SP3 800 & 801, Industrial Area Pathredi,
Distt. Alwar - 301019 (Rajasthan) India

Halol Plant

Survey Number 100/1, 100/2
Galaxy Export Industries Compound, Opp. Maruti Gas Cylinder,
GIDC Road, Halol, Gujarat (India)

8. Share Transfer System

Physical

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

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

Demat

Requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) directly by the Registrar and Share Transfer Agent. The Annual Custody Fees for the Financial Year 2018-19 have been paid to the Depositories.

9. Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Annual Listing Fees for the Financial Year 2019-20 have been paid to the Exchanges:

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

10. Dematerialisation of Shares and Liquidity

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

Break-up of Shares in Physical and Demat segment as on 31st March, 2019

Segment	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholding
Physical	765	1.13	404161	0.30
Demat	67084	98.87	134880839	99.70
Total	67849	100.00	135285000	100.00

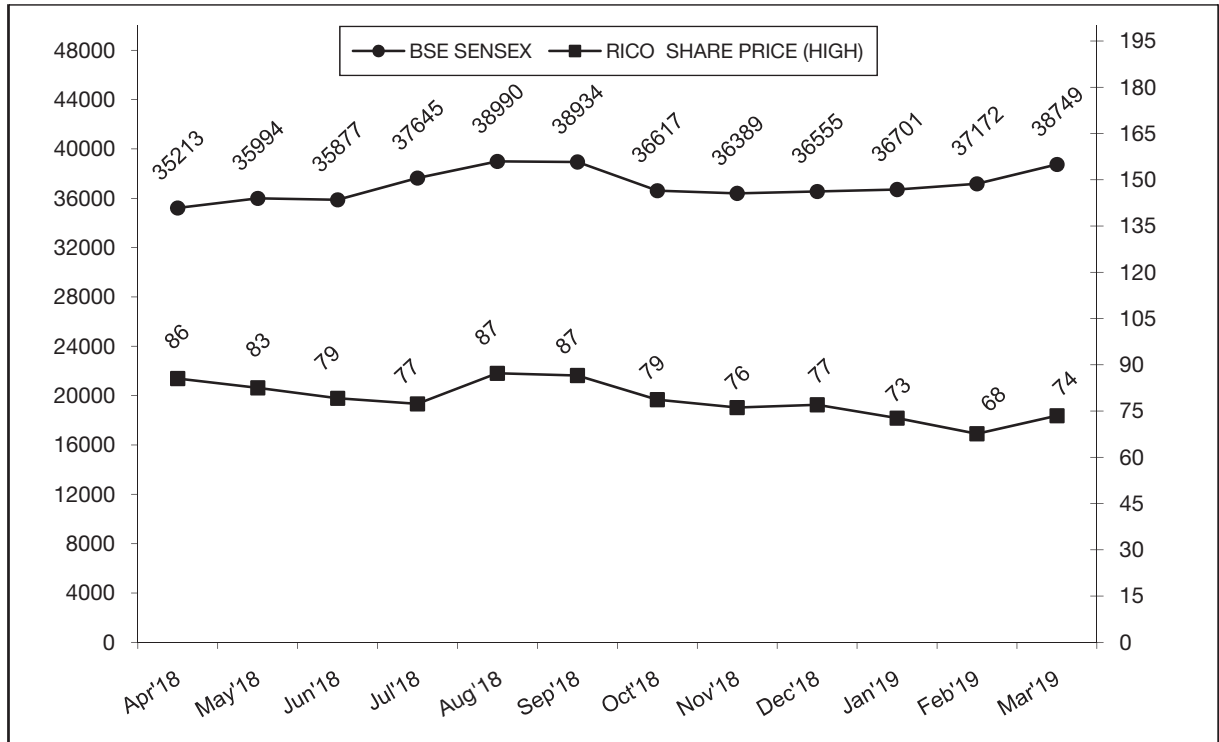
11. Stock Market Data

The closing price as on 31st March, 2019 of the Equity Shares at BSE and NSE is ₹63.50 & ₹63.75 respectively. Monthly high & low price and volume of shares of ₹1/- each traded at BSE and NSE for 2018-19 are as under:

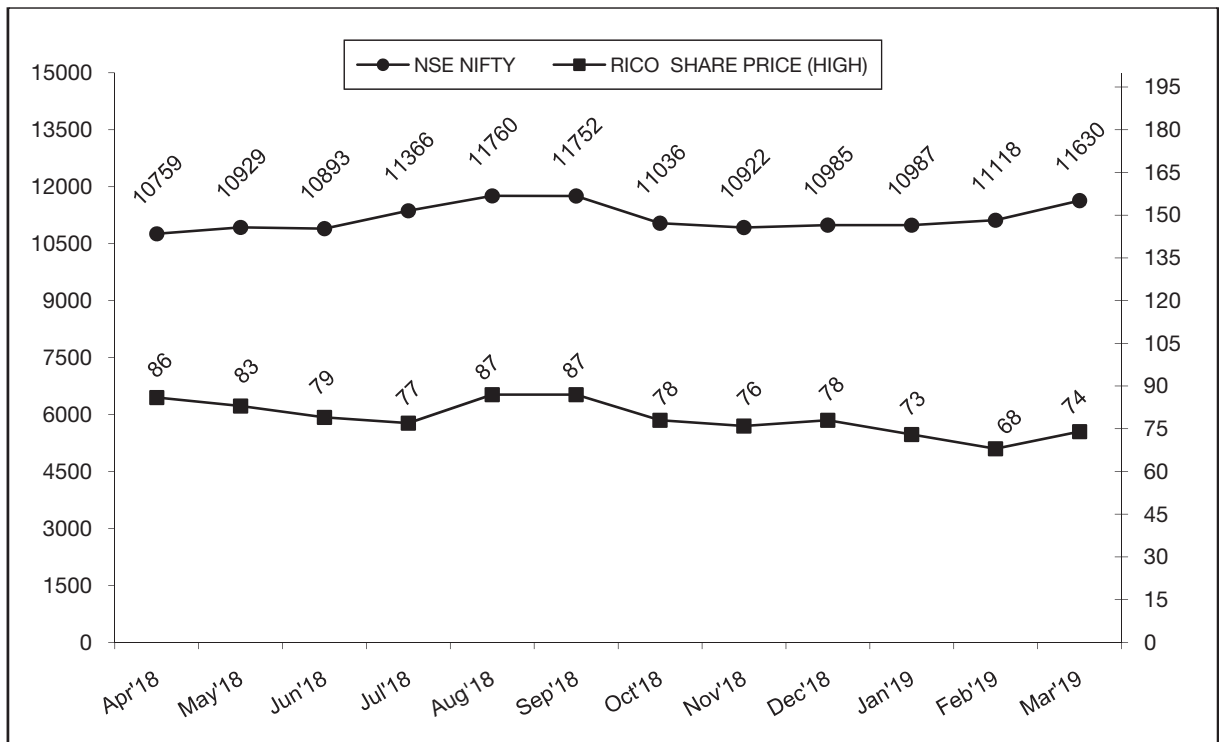
Month/Year	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (₹)	Low (₹)	Volume of Shares Traded	High (₹)	Low (₹)	Volume of Shares Traded
April, 2018	85.50	77.50	1049698	85.50	77.50	6830804
May, 2018	82.50	73.00	834657	82.65	73.00	5746491
June, 2018	79.15	64.35	749284	79.30	64.60	5039223
July, 2018	77.35	64.85	988751	77.40	64.55	8200730
August, 2018	87.25	72.10	1702118	87.35	71.75	13008721
September, 2018	86.50	66.60	525389	86.70	66.60	4267781
October, 2018	78.65	61.50	712000	78.45	61.45	5663488
November, 2018	76.15	68.00	456613	76.25	68.00	3716513
December, 2018	77.00	66.00	646852	78.10	66.00	5315474
January, 2019	72.70	60.15	592110	72.80	60.10	2508514
February, 2019	67.60	55.95	635762	67.90	55.85	3304460
March, 2019	73.50	60.05	1302298	73.50	59.95	6892923

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

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



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



13. Distribution of Shareholding as on 31st March, 2019

No. of Equity Shares held	No. of Shareholders	Percent of Shareholders	No. of Shares	Percent of Shareholding
1 - 5000	66544	98.08	24865980	18.38
5001 - 10000	705	1.04	5193817	3.84
10001 - 20000	322	0.48	4650636	3.44
20001 - 30000	97	0.14	2434811	1.80
30001 - 40000	43	0.06	1525417	1.13
40001 - 50000	30	0.04	1381473	1.02
50001 - 100000	46	0.07	3272538	2.42
100001 & above	62	0.09	91960328	67.98
Total	67849	100.00	135285000	100.00

14. Shareholding Pattern as on 31st March, 2019

Category of Shareholders	No. of Shares (Demat Mode)	No. of Shares (Physical Mode)	Total No. of Shares	Percent of Shareholding
Promoter and Promoter Group	67907478	—	67907478	50.20
Mutual Funds/UTI	11674647	—	11674647	8.63
Financial Institutions/Banks	109721	—	109721	0.08
Foreign Institutional Investors	1228710	—	1228710	0.91
Insurance Companies	326730	—	326730	0.24
Bodies Corporate	4097646	—	4097646	3.03
NRI	2145064	—	2145064	1.59
Co-operative Societies	—	—	—	—
Trusts & Foundations	17020	—	17020	0.01
IEPF Authority	651187	—	651187	0.48
Indian Public	46722636	404161	47126797	34.84
Total	134880839	404161	135285000	100.00

15. Unclaimed Shares Suspense Account

In terms of Schedule V of the Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account in dematerialized form. This account is being held by the Company on behalf of the shareholders entitled for these shares. Shareholders who have not yet claimed their shares are requested to immediately approach the Company to enable us to release the said shares to the rightful owner either in physical form or demat mode.

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

Sl. No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	6447	1312240
2.	Number of Shareholders whose shares have been transferred during the year from the Unclaimed Suspense Account to the Investor Education and Protection Fund Authority pursuant to Section 124(6) of the Companies Act, 2013*.	3964	569380
3.	Number of Shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year in response to the Company's reminders.	57	35960
4.	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	57	35960
5.	Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	2426	706900

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

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

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

17. Unclaimed Dividends

Pursuant to the provisions of Sections 124 & 125 of the Companies Act, 2013 the amount of dividend which remains unpaid/unclaimed for a period of Seven (7) years is required to be transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government. Member(s) who have not yet encashed their dividend warrant(s) is/are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2011 have already been transferred to the Investor Education and Protection Fund (IEPF). During the year, the aggregate unclaimed dividend amount of ₹394068.00 relating to Financial Year 2010-11 was transferred to IEPF.

Date for Transferring Unclaimed Dividend to the IEPF Authority

Year	Rate of Dividend (percent)	Date of Declaration	No. of Warrants issued	Amount of Dividend (Rs.)	Amount of Unclaimed Dividend (Rs.)	Unclaimed Dividend (Percent)	Due date for transfer to IEPF
2012	Final - 15	29/09/2012	52225	20292750.00	333268.35	1.64	29/10/2019
2013	Final - 15	30/09/2013	42173	20292750.00	395071.20	1.95	30/10/2020
2014	Final - 10	30/09/2014	37426	13528500.00	269297.40	1.99	30/10/2021
2015	Interim - 100	14/02/2015	38399	135285000.00	2162134.00	1.60	14/03/2022
2015	Final - 200	29/09/2015	40315	270570000.00	4012954.00	1.48	29/10/2022
2016	Interim - 50	10/03/2016	48718	67642500.00	1257847.50	1.86	10/04/2023
2016	Final - 10	23/09/2016	46216	13528500.00	259839.30	1.92	23/10/2023
2017	Final - 75	22/09/2017	49679	101463750.00	2795226.75	2.75	22/10/2024
2018	Interim - 40	09/02/2018	60956	54114000.00	941590.40	1.74	09/03/2025
2018	Final - 40	29/09/2018	66168	54114000.00	862260.00	1.59	29/10/2025
2019	Interim - 40	11/02/2019	67887	54114000.00	758856.00	1.40	11/03/2026

18. Shares transferred to IEPF Authority

Section 124(6) of the Companies Act, 2013 and IEPF Rules, mandates Companies to transfer the shares of Members whose dividend remain unpaid/unclaimed for a consecutive period of seven years to the Demat Account of IEPF Authority. In view of the same, during the year, the Company has transferred 612695 equity shares of the face value of ₹1/- each in respect of 4298 shareholders to the Demat Account of IEPF Authority and filed the Form IEPF-4 with MCA on 21st December, 2018. During the year, dividend aggregating to ₹275871.60 was also transferred to IEPF Authority, in respect of share transferred to the Demat Account of IEPF Authority. Details of such shareholders, whose shares are transferred to IEPF Authority and their unpaid dividends for subsequent years are available on the website of the Company at <https://www.ricoauto.in/investor-relation.html>.

As provided under these rules, the shareholders shall be allowed to claim such shares transferred to IEPF Authority by following the required procedure.

19. National Electronic Clearing Service (NECS) Facility

The Company, with respect to payment of dividend, provides the facility of NECS to Shareholders wherever the facility is available, as permitted by the Reserve Bank of India.

Shareholders holding shares in the physical form who now wish to avail the NECS Facility, may authorize the Company by sending their NECS Mandate, in the prescribed form to the Company, in case the same has not been furnished earlier. The NECS Mandate Form can be obtained from the Corporate Office of the Company.

20. Nomination Facility

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

21. MCA's Green Initiative for Paperless Communications

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail IDs, so far, are requested to register their e-mail IDs, in respect of electronic holdings with concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Registrar and Share Transfer Agent, M/s. MCS Share Transfer Agent Limited, New Delhi.

22. SEBI Complaints Redress System (SCORES)

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

23. Fee paid to Statutory Auditors

A total fee of ₹1.03 crore was paid by the Company and its Subsidiaries for all audit and services availed, on a consolidated basis, to the Statutory Auditors and all Entities in network firm/network entity of which the Statutory Auditors is a part, for the financial year ended 31st March, 2019.

24. Subsidiary Companies

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

Rico Aluminium and Ferrous Auto Components Limited and Rico Investments Limited are material subsidiaries of the Company. Shri Satish Sekhri and Shri Amarjit Chopra, Independent Directors of the Company are on the Board of these material subsidiaries respectively.

25. Web link for various Policies of the Company

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

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

26. Investors/Shareholders Correspondence

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

On behalf of the Board of Directors

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

Place : Gurugram
Date : August 02, 2019

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

We have examined the compliance with the conditions of Corporate Governance by Rico Auto Industries Limited for the year ended 31st March, 2019, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred in Regulation 15(2) of the Listing Regulations.

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

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

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

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

K. K. Sachdeva
Proprietor

FCS No. 7153, CP No. 4721

Place: Gurugram
Date : August 02, 2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

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

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

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on 31st March, 2019 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:

Name of Director	DIN	Date of Appointment in the Company
Shri Arvind Kapur	00096308	10/03/1983
Shri Kanwal Monga	00153473	18/09/2001
Shri Amarjit Chopra	00043355	18/09/2001
Dr. Ashok Seth	00050540	13/05/2004
Shri Satish Sekhri	00211478	28/05/2010
Shri Rajeev Kapoor	02051466	13/11/2013
Shri Vinod Kumar Nagar	02487061	13/11/2013
Shri Rakesh Kapur	00100359	30/01/1985
Smt. Upasna Kapur	00327461	19/06/2015
Shri Arun Kapur	00100270	10/03/1983

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

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

K. K. Sachdeva
Proprietor

FCS No. 7153, CP No. 4721

Place: Gurugram
Date : August 02, 2019

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Rico Auto Industries Limited (CIN: L34300HR1983PLC023187)** (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2019** according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; and
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable to the Company during the Audit period);
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable to the Company during the Audit period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit period);
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit period);
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable to the Company during the Audit period); and
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi) We further report that having regard to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- i) The Factories Act, 1948;
- ii) The Petroleum Act, 1934 and the rules made thereunder;
- iii) The Environment Protection Act, 1986 and the rules made thereunder;
- iv) The Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder; and
- v) The Air (Prevention and Control of Pollution) Act, 1981 and the rules made thereunder.

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

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

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

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period, no specific events/actions took place having a major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines, standards.

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

K. K. Sachdeva
Proprietor
FCS No. 7153, CP No. 4721

Place : Gurugram
Date : August 02, 2019

ANNEXURE TO DIRECTORS' REPORT

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (2018-19)

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

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

2. Members of the Committee

The Committee consists of four members namely:

- i) Shri Rajeev Kapoor — Chairman
- ii) Dr. Ashok Seth — Member
- iii) Shri Arun Kapur — Member
- iv) Shri Rakesh Kapur — Member

3. Average Net Profit of the Company for last three financial years

Rs.5196.00 lakhs (on the basis of financial year 2015-16, 2016-17 and 2017-18).

4. Prescribed CSR Expenditure

Two percent of the amount as in item 3 above: Rs.104.00 lakhs

5. Details of CSR Expenditure spent during the financial year 2018-19

- i) Total Amount to be spent for the financial year: Rs.104.00 lakhs
- ii) Amount unspent: Nil
- iii) The manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Project or Program (1) Local Area or other (2) Specify the state and the district where the projects or program was undertaken	Amount Outlay (Budgeted)	Amount spent on the projects	Cumulative Expenditure upto 31 st March, 2019	Amount spent direct or through implementing agency
1.	Contribution to Rotary Southend Charitable Trust working in Batra Hospital.	Promoting healthcare including preventing healthcare	New Delhi	2.73	2.73	2.73	Through implementing agency
2.	Contribution to SOPAN working for the cause of Autism Awareness.	Promoting healthcare including preventing healthcare	Mumbai	0.50	0.50	0.50	Through implementing agency
3.	Donation to Gram Vikas Kumbhad	Rural Development Project	Village Kumbhad, (Maharashtra)	7.50	7.50	7.50	Through implementing agency
4.	Contribution to Raman Kant Munjal Foundation	Education to weaker section	Dharuhera (Haryana)	4.26	4.26	4.26	Through implementing agency
5.	Contribution to Rotary Club Gurugram	Promoting healthcare including preventing healthcare	Gurugram (Haryana)	0.50	0.50	0.50	Through implementing agency

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Project or Program (1) Local Area or other (2) Specify the state and the district where the projects or program was undertaken	Amount Outlay (Budgeted)	Amount spent on the projects	Cumulative Expenditure upto 31 st March, 2019	Amount spent direct or through implementing agency
6.	Rejuvenating of water bodies like pond or develop rain water harvesting	Conservation of natural resources	Gurugram (Haryana)	1.94	1.94	1.94	Direct
7.	Support of complete therapy of Two Autistic Child	Promoting healthcare including preventing healthcare	Gurugram (Haryana)	1.38	1.38	1.38	Through implementing agency
8.	Support to girls for Karate in Bhutan, set up of Gym Equipment and to Climb Highest Peak of Australia "Mount Carstensz Pyramid"	Empowering women & Promoting National Sports	<ul style="list-style-type: none"> Village Banipur Village Dharuhera (Haryana) 	12.27	12.27	12.27	Direct
9.	Providing Infrastructure in rural areas like construction of roads, boundary wall for sports and cremation ground and common hall for village.	Rural Development Project	<ul style="list-style-type: none"> Village Khandsa, Banipur, Bawal, Village Malpura Village Joniawas Village Banipur (Haryana) 	36.20	36.09	36.09	Direct
10.	Repairs of existing/old Structure of School in rural areas.	Education & Rural Development	<ul style="list-style-type: none"> Village Mohammadpur, Jharsa (Haryana) Village Bibipur & Bandapur (Rajasthan) 	3.00	3.00	3.00	Direct
11.	Providing Infrastructure like classroom in Govt. School of rural area.	Education	Village Chaupanki & Husaipur (Rajasthan)	21.17	21.17	21.17	Direct
12.	Construction of Toilet facility for Girls/Boys in school and Community of rural.	Promotion of sanitation and Rural Development	<ul style="list-style-type: none"> Village Balawaas (Haryana) Village Jhiwana (Rajasthan) 	9.27	9.27	9.27	Direct
13.	Providing Basic facilities in the Govt. School Like Ceiling Fan for classrooms etc.	Education	Village Chaupanki, Husaipur & Bandapur (Rajasthan)	1.24	1.24	1.24	Direct
14.	Providing Street Light to enhance safety and security in Rural Areas.	Rural Development	Village Hingwada (Rajasthan)	1.63	1.63	1.63	Direct

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Project or Program (1) Local Area or other (2) Specify the state and the district where the projects or program was undertaken	Amount Outlay (Budgeted)	Amount spent on the projects	Cumulative Expenditure upto 31 st March, 2019	Amount spent direct or through implementing agency
15.	Upkeeping of CSR Sites	Education	<ul style="list-style-type: none"> • Village Husaipur & Chaupanki, Bhiwadi, (Rajasthan) • Village Mohammadpur, Jharsa, Gurugram (Haryana) • Village Banipur, Bawal (Haryana) 	0.54	0.54	0.54	Direct
		Total		104.16	104.00	104.00	

6. Details of Implementing Agency

The Company has made contribution to Rotary Southend Charitable Trust working in Batra Hospital, New Delhi, Raman Kant Munjal Foundation, Dharuhera (Haryana), SOPAN (Mumbai), Gram Vikas, Village Kumbhad, (Maharashtra) and Contribution to Rotary Club Gurugram (Haryana).

7. Reasons for not spending the amount: Not Applicable

8. The CSR Committee confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

We also hereby confirm that all the CSR expenditure spent during the Financial Year 2018-19 was in accordance with Schedule VII of the Companies Act, 2013.

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

Rajeev Kapoor
Chairman - CSR Committee
(DIN: 02051466)

Place: Gurugram
Date : August 02, 2019

ANNEXURE TO DIRECTORS' REPORT

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

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19:

Name of Directors	Ratio to Median Remuneration
Non-Executive Independent Directors	
Shri Kanwal Monga	2.33
Shri Amarjit Chopra	3.04
Dr. Ashok Seth	2.26
Shri Satish Sekhri	3.00
Shri Rajeev Kapoor	3.04
Shri Vinod Kumar Nagar	3.01
Non-Executive Directors	
Shri Rakesh Kapur	2.51
Smt. Upasna Kapur	2.42
Executive Directors	
Shri Arun Kapur, Joint Managing Director	14.21
Shri Arvind Kapur, Chairman, CEO & MD	82.01

2. The percentage of increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year 2018-19:

Name of Directors/KMP and Designation	Remuneration		%age increase/ (decrease) in Remuneration
	2018-19 (Amount in Rs.)	2017-18 (Amount in Rs.)	
Non-Executive Independent Directors			
Shri Kanwal Monga	1060000.00	1030000.00	2.91
Shri Amarjit Chopra	1385000.00	1335000.00	3.75
Dr. Ashok Seth	1030000.00	960000.00	7.29
Shri Satish Sekhri	1365000.00	1335000.00	2.25
Shri Rajeev Kapoor	1385000.00	1325000.00	4.53
Shri Vinod Kumar Nagar	1370000.00	1275000.00	7.45
Non-Executive Directors			
Shri Rakesh Kapur	1140000.00	1085000.00	5.07
Smt. Upasna Kapur	1100000.00	1050000.00	4.76
Executive Directors			
Shri Arun Kapur, Joint Managing Director	6464508.00	10200000.00	(36.62)
Shri Arvind Kapur, Chairman, CEO & MD	37317034.00	33320953.00	12.00
Key Managerial Personnel			
Shri Rakesh Kumar Sharma, Chief Financial Officer*	6519681.00	3725229.00	—
Shri B.M. Jhamb, Company Secretary	4290194.00	3999564.00	7.27

* Shri Rakesh Kumar Sharma was appointed as CFO with effect from 4th August, 2017, hence the same is not comparable.

3. The percentage of increase in the median remuneration of employees in the financial year 2018-19: 2.13%
4. The number of permanent employees on the roll of Company as on 31st March, 2019: 1385
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in cost of employees other than managerial personnel in 2018-19 was 8%. Percentage increase (+)/decrease (-) in the managerial remuneration for the year 2018-19 was 6.24%.

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

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

On behalf of the Board of Directors

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

Place : Gurugram
Date : August 02, 2019

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

AS ON FINANCIAL YEAR ENDED 31ST MARCH, 2019

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS

i) CIN	L34300HR1983PLC023187
ii) Registration Date	07/03/1983
iii) Name of the Company	Rico Auto Industries Limited
iv) Category/Sub-category of the Company	Company Limited by Shares/Non Govt. Company
v) Address of the Registered Office & Contact details	38 K.M. Stone, Delhi-Jaipur Highway Gurugram - 122001, Haryana Phone: 0124 2824221 Fax: 0124 2824200 Email: cs@ricoauto.in, Website: www.ricoauto.in
vi) Whether Listed Company	Yes BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
vii) Name, Address & Contact details of the Registrar & Transfer Agent	MCS Share Transfer Agent Limited F-65, 1 st Floor, Okhla Industrial, Area, Phase-I, New Delhi - 110020 Phone: 011-41406149 Fax: 011-41709881 Email: admin@mcsregistrars.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as under:

Sl. No.	Name & Description of main products/services	NIC Code of the product/services	% to total turnover of the Company
1.	Housing	29301	15.94%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	AAN Engineering Industries Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram - 12200, Haryana	U28112HR2010PLC039941	Subsidiary	100	Section 2(87)
2.	Rico Investments Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram - 122001, Haryana	U65923HR2015PLC054211	Subsidiary	96.88	Section 2(87)
3.	Rico Fluidtronics Limited (Formerly Magna Rico Powertrain Private Limited) 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram - 122001, Haryana	U29110HR2008PLC037708	Subsidiary	50.95	Section 2(87)
4.	Rico Auto Industries Inc., USA 6338, Sashabaw Road, Clarkston, Michigan 48346 USA	Foreign Company Registration No. : 510411449	Subsidiary	100	Section 2(87)
5.	Rico Auto Industries (UK) Limited Unit 1, Lewis House, 99 Victoria Road, London - NW106DJ, UK	Foreign Company Registration No.: 04975219 (England and Wales)	Subsidiary	100	Section 2(87)
6.	Rasa Autocom Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram -122001, Haryana	U74120HR2007PLC037192	Step-down Subsidiary*	100	Section 2(87)
7.	Rico Jinfei Wheels Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram -122001, Haryana	U34200HR2007PLC037021	Step-down Subsidiary*	93.49	Section 2(87)
8.	Rico Aluminium and Ferrous Auto Components Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram -122001, Haryana	U34300HR2008PLC037956	Step-down Subsidiary*	100	Section 2(87)

* Through Rico Investments Limited, Subsidiary Company.

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as % of Total Equity)

i) Category-wise Shareholding:

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year (1 st April, 2018)				No. of Shares held at the end of the year (31 st March, 2019)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	PROMOTERS & PROMOTER GROUP									
1.	Indian									
	a) Individual/HUF	27501188	0	27501188	20.328	27628688	0	27628688	20.423	0.094
	b) Central Govt. or State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	c) Bodies Corporate	40199790	0	40199790	29.715	40199790	0	40199790	29.715	0.000
	d) Banks/FI	0	0	0	0.000	0	0	0	0.000	0.000
	e) Any other (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (A)(1)	67700978	0	67700978	50.043	67828478	0	67828478	50.137	0.094
2.	Foreign									
	a) NRI- Individuals	79000	0	79000	0.058	79000	0	79000	0.058	0.000
	b) Other Individuals	0	0	0	0.000	0	0	0	0.000	0.000
	c) Bodies Corporate	0	0	0	0.000	0	0	0	0.000	0.000
	d) Banks/FI	0	0	0	0.000	0	0	0	0.000	0.000
	e) Any other (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (A)(2)	79000	0	79000	0.058	79000	0	79000	0.058	0.000
	Total Shareholding of Promoters (A)= (A)(1)+(A)(2)	67779978	0	67779978	50.102	67907478	0	67907478	50.196	0.094
B.	PUBLIC SHAREHOLDING									
1.	Institutions									
	a) Mutual Funds	11403658	0	11403658	8.429	11674647	0	11674647	8.630	0.200
	b) Banks/FI	28423	0	28423	0.021	109721	0	109721	0.081	0.060
	c) Central Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	d) State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	e) Venture Capital Fund	0	0	0	0.000	0	0	0	0.000	0.000
	f) Insurance Companies	0	0	0	0.000	326730	0	326730	0.242	0.242
	g) FIs	1065672	0	1065672	0.788	1228710	0	1228710	0.908	0.121
	h) Foreign Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.000
	i) Others (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (B)(1)	12497753	0	12497753	9.238	13339808	0	13339808	9.861	0.622
2.	Central Government/State									
	Government(s)/President of India	38492	0	38492	0.028	651187	0	651187	0.481	0.453
	Sub Total (B)(2)	38492	0	38492	0.028	651187	0	651187	0.481	0.453
3.	Non-Institutions									
	a) Bodies Corporate									
	i) Indian	5904630	0	5904630	4.365	4097646	0	4097646	3.029	-1.336
	ii) Overseas	0	0	0	0.000	0	0	0	0.000	0.000
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹1 lakh	39495947	603501	40099448	29.641	38278474	404161	38682635	28.593	-1.047
	ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	6822575	0	6822575	5.043	8444162	0	8444162	6.242	1.199
	c) NBFCs registered with RBI	4	0	4	0.000	0	0	0	0.000	0.000
	d) Others (specify)									
	i) Non Resident Individual	2120600	0	2120600	1.568	2145064	0	2145064	1.586	0.018
	ii) Trust & Foundations	21520	0	21520	0.016	17020	0	17020	0.013	-0.003
	iii) Cooperative Societies	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (B)(3)	54365276	603501	54968777	40.632	52982366	404161	53386527	39.462	-1.170
	Total Public Shareholding(B)= (B)(1)+(B)(2)+(B)(3)	66901521	603501	67505022	49.898	66973361	404161	67377522	49.804	0.000
C.	SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	0	0	0	0.000	0	0	0	0.000	0.000
	Grand Total (A+B+C)	134681499	603501	135285000	100.000	134880839	404161	135285000	100.000	0.000

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (1 st April, 2018)			Shareholding at the end of the year (31 st March, 2019)			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged encumbered to total Shares	
1.	ARVIND KAPUR	12652460	9.352	0.000	12674960	9.369	0.000	0.017
2.	ARUN KAPUR	8651160	6.395	0.000	8708416	6.437	0.000	0.042
3.	RAKESH KAPUR	2398720	1.773	0.000	2456464	1.816	0.000	0.043
4.	SHALINI KAPUR	1366148	1.010	0.000	1396148	1.032	0.000	0.022
5.	UPASNA KAPUR	966920	0.715	0.000	966920	0.715	0.000	0.000
6.	RITU KAPUR	723140	0.535	0.000	723140	0.535	0.000	0.000
7.	NYLA KAPUR	354040	0.262	0.000	354040	0.262	0.000	0.000
8.	SAMARTH KAPUR	194800	0.144	0.000	194800	0.144	0.000	0.000
9.	SHIVANI KAPUR	189800	0.140	0.000	149800	0.111	0.000	-0.030
10.	ROMILLA BAHL	79000	0.058	0.000	79000	0.058	0.000	0.000
11.	PROMILLA SIKKA	4000	0.003	0.000	4000	0.003	0.000	0.000
12.	KAPSONS MANUFACTURING AND SERVICES PVT. LTD.	20838321	15.403	0.000	20838321	15.403	0.000	0.000
13.	MERAKI MANUFACTURING AND FINVEST ADVISORS PVT. LTD.	11790841	8.716	0.000	11790841	8.716	0.000	0.000
14.	HIGAIN INVESTMENTS PVT. LTD.	7570628	5.596	0.000	7570628	5.596	0.000	0.000
	TOTAL	67779978	50.102	0.000	67907478	50.196	0.000	0.094

iii) Change in Promoters' Shareholding:

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2018 to 31/03/2019)	
		No. of Shares at the beginning (01/04/2018)/ end of the year (31/03/2019)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	ARVIND KAPUR	12652460	9.352	01.04.2018				
		12674960	9.369	25.01.2019 31.03.2019	22500	Transfer	12674960 12674960	9.369 9.369
2.	ARUN KAPUR	8651160	6.395	01.04.2018				
				25.01.2019	34284	Transfer	8685444	6.420
				01.02.2019 31.03.2019	22972	Transfer	8708416 8708416	6.437 6.437
3.	RAKESH KAPUR	2398720	1.773	01.04.2018				
				25.01.2019	33911	Transfer	2432631	1.798
				01.02.2019	23833	Transfer	2456464	1.816
		2456464	1.816	31.03.2019			2456464	1.816
4.	SHALINI KAPUR	1366148	1.010	01.04.2018				
				20.07.2018	29922	Transfer	1396070	1.032
				10.08.2018	8	Transfer	1396078	1.032
				17.08.2018	70	Transfer	1396148	1.032
	1396148	1.032	31.03.2019			1396148	1.032	
5.	SHIVANI KAPUR	189800	0.140	01.04.2018				
		149800	0.111	11.05.2018 31.03.2019	-40000	Transfer	149800 149800	0.111 0.111

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & holders of GDRs & ADRs):

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2018 to 31/03/2019)			
		No. of Shares at the beginning (01/04/2018)/ end of the year (31/03/2019)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company		
1.	RELIANCE CAPITAL TRUSTEE CO LTD. A/C RELIANCE EQUITY HYBRID FUND	4027130	2.977	01.04.2018		Nil movement during the year	4027130	2.977		
		4027130	2.977	31.03.2019						
2.	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND	3073073	2.272	01.04.2018		Transfer	3173073	2.345		
				13.07.2018	100000				3198073	2.364
				27.07.2018	25000				3372264	2.493
				19.10.2018	174191				3477364	2.570
				26.10.2018	105100				3584822	2.650
				02.11.2018	107458				3592431	2.655
				09.11.2018	7609				3730942	2.758
				16.11.2018	138511				3733028	2.759
				01.02.2019	2086				3297678	2.438
				08.02.2019	-435350				3434410	2.539
				15.02.2019	136732				3474853	2.569
				22.02.2019	40443				3489637	2.579
				01.03.2019	14784				3559410	2.631
		15.03.2019	69773	3559410	2.631					
		31.03.2019	3559410	2.631						
3.	MUKUL AGRAWAL	1700000	1.257	01.04.2018		Nil movement during the year	1700000	1.257		
		1700000	1.257	31.03.2019						
4.	ASHMORE INDIA OPPORTUNITIES FUND	979442	0.724	01.04.2018		Transfer	1024845	0.758		
				06.04.2018	45403				1134641	0.839
				06.07.2018	109796				1281340	0.947
				13.07.2018	146699				1331081	0.984
				20.07.2018	49741				1421081	1.050
				31.08.2018	90000				1491081	1.102
				30.11.2018	70000				1491081	1.102
				31.03.2019					1491081	1.102
				1491081	1.102					
5.	SANKARA NARAYANAN SANGAMESWARAN	970525	0.717	01.04.2018		Nil movement during the year	970525	0.717		
		970525	0.717	31.03.2019						
6.	PANNA BANKIM	962327	0.711	01.04.2018		Nil movement during the year	962327	0.711		
		962327	0.711	31.03.2019						
7.	PRINCIPAL MULTI CAP GROWTH FUND	969860	0.717	01.04.2018		Transfer	874860	0.647		
				13.07.2018	-95000				874860	0.647
				31.03.2018						
8.	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C. RELIANCE RETIREMENT FUND - WEALTH CREATION SCHEME	860000	0.636	01.04.2018	0	Nil movement during the year	860000	0.636		
		860000	0.636	31.03.2019						
9.	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC. (DFAIDG)	452332	0.334	01.04.2018		Nil movement during the year	452332	0.334		
		452332	0.334	31.03.2019						
10.	DEEPALI TRIVEDI	400000	0.296	01.04.2018		Nil movement during the year	400000	0.296		
		400000	0.296	31.03.2019						
11.	PRINCIPAL TRUSTEE COMPANY PVT LTD. - A/C PRINCIPAL MUTUAL FUND-PRINCIPAL TAX SAVING FUND	616360	0.456	01.04.2018		Transfer	554724	0.410		
				15.06.2018	-61636				499724	0.369
				13.07.2018	-55000				489450	0.362
				14.12.2018	-10274				399724	0.295
				21.12.2018	-89726				399724	0.295
				31.03.2019					399724	0.295
12.	BHARAT NARESH KHANDWALA	267500	0.198	01.04.2017		Transfer	293900	0.217		
				29.06.2018	26400				310000	0.229
				02.11.2018	16100				311000	0.230
				16.11.2018	1000				322000	0.238
				01.03.2019	11000				323000	0.239
				08.03.2019	1000				335000	0.248
				15.03.2019	12000				335000	0.248
				31.03.2019					335000	0.248
				335000	0.248					

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

Sl. No.	Particulars	Shareholding at the beginning (01/04/2018)/end of the year (31/03/2019)		Cumulative Shareholding during the year (01/04/2018 to 31/03/2019)	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)				
1.	Shri Arvind Kapur, Chairman, CEO & MD				
	At the beginning of the year	12652460	9.352	12652460	9.352
	25.01.2019 (Purchase of Shares)	22500	0.017	12674960	9.369
	At the end of the year			12674960	9.369
2.	Shri Arun Kapur, Joint Managing Director				
	At the beginning of the year	8651160	6.395	8651160	6.395
	25.01.2019 (Purchase of Shares)	34284	0.025	8685444	
	01.02.2019 (Purchase of Shares)	22972	0.017	8708416	
	At the end of the year			8708416	6.437
3.	Shri Rakesh Kapur, Director				
	At the beginning of the year	2398720	1.773	2398720	1.773
	25.01.2019 (Purchase of Shares)	33911	0.025	2432631	
	01.02.2019 (Purchase of Shares)	23833	0.018	2456464	Nil
	At the end of the year			2456464	1.816
4.	Smt. Upasna Kapur, Director				
	At the beginning of the year	966920	0.715	966920	0.715
	No Change during the year	Nil	Nil	Nil	Nil
	At the end of the year			966920	0.715
5.	Dr. Ashok Seth, Director				
	At the beginning of the year	25000	0.018	25000	0.018
	No Change during the year	Nil	Nil	Nil	Nil
	At the end of the year			25000	0.018
6.	Shri Satish Sekhri, Director				
	At the beginning of the year	1900	0.001	1900	0.001
	No Change during the year	Nil	Nil	Nil	Nil
	At the end of the year			1900	0.001
7.	Shri Rakesh Kumar Sharma, Chief Financial Officer (KMP)				
	At the beginning of the year	Nil	Nil	Nil	Nil
	13/07/2018 (Purchase of Shares)	1500	0.001	1500	0.001
	At the end of the year			1500	0.001
8.	Shri B.M. Jhamb, Company Secretary (KMP)				
	At the beginning of the year	20	0.000	20	0.000
	No Change during the year	Nil	Nil	Nil	Nil
	At the end of the year			20	0.000

Note: Shri Kanwal Monga, Shri Amarjit Chopra, Shri Rajeev Kapoor & Shri Vinod Kumar Nagar, Directors of the Company did not hold any shares of the Company during the financial year 2018-19.

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	253.70	—	—	253.70
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	0.68	—	—	0.68
Total (i+ii+iii)	254.38	—	—	254.38
Change in Indebtedness during the Financial Year				
Additions	213.33	—	—	213.33
Reduction	127.40	—	—	127.40
Net Change	85.93	—	—	85.93
Indebtedness at the end of the Financial Year				
i) Principal Amount	339.63	—	—	339.63
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	1.15	—	—	1.15
Total (i+ii+iii)	340.78	—	—	340.78

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the MD/JMD		Total Amount
		Shri Arvind Kapur Chairman, CEO & Managing Director	Shri Arun Kapur Joint Managing Director	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961	29016000.00	3870960.00	32886960.00
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	8301034.00	2593548.00	10894582.00
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission	—	—	—
	- As % of profit	—	—	—
	- Others (specify)	—	—	—
5.	Others	—	—	—
	Total (A)	37317034.00	6464508.00	43781542.00
	Ceiling as per the Act	The above remuneration is within 10 percent of the net profits calculated as per Section 198 of the Companies Act, 2013		

B. Remuneration payable/paid to other Directors:

(Amount in ₹)

Sl. No.	Particulars	Particulars of Remuneration			Total Amount
		Fee for attending Board/Committee Meetings (A)	Commission (B)	Others, please specify (C)	
1.	Independent Directors				
	i) Shri Kanwal Monga	160000.00	900000.00	—	1060000.00
	ii) Shri Amarjit Chopra	485000.00	900000.00	—	1385000.00
	iii) Dr. Ashok Seth	130000.00	900000.00	—	1030000.00
	iv) Shri Satish Sekhri	465000.00	900000.00	—	1365000.00
	v) Shri Rajeev Kapoor	485000.00	900000.00	—	1385000.00
	vi) Shri Vinod Kumar Nagar	470000.00	900000.00	—	1370000.00
	Total (1)	2195000.00	5400000.00	—	7595000.00
2.	Non-Executive Directors				
	i) Shri Rakesh Kapur	240000.00	900000.00	—	1140000.00
	ii) Smt. Upasna Kapur	200000.00	900000.00	—	1100000.00
	Total (2)	440000.00	1800000.00	—	2240000.00
	Total (B)=(1+2)				9835000.00
	Total Managerial Remuneration (A+B)				53616542.00
	Overall Ceiling as per the Act	The above remuneration is within 11 percent of the net profits calculated as per Section 198 of the Companies Act, 2013.			

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri Rakesh Kumar Sharma, Chief Financial Officer	Shri B.M. Jhamb, Company Secretary	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	6517181.00	4046318.00	10563499.00
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	2500.00	243876.00	246376.00
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission - as % of profit - Others, specify	— — —	— — —	— — —
5.	Others	—	—	—
	Total (A)	6519681.00	4290194.00	10809875.00

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other Officers during the financial year 2018-19.

On behalf of the Board of Directors

Place : Gurugram
Date : August 02, 2019

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

ANNEXURE TO DIRECTORS' REPORT

FORM NO. AOC - 2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2019 which were not on arm's length basis.

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

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	Rico Aluminium and Ferrous Auto Components Limited (Step-down Subsidiary)
b.	Nature of contracts/ arrangements/ transactions	Sale, Purchase or Supply of products, goods or materials or availing or rendering of services and leasing of property (movable or immovable)
c.	Duration of the contracts/ arrangements/ transactions	Ongoing transactions
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of Goods - ₹265.23 crores Sale of Goods - ₹9.41 crores Sale of Assets - ₹0.06 crore Rent Income - ₹8.41 crores Purchase of Assets - ₹0.41 crore Rent Expenses - ₹0.41 crore Job Work Expenses - ₹7.71 crores Recovery of Expenses - ₹63.54 crores Reimbursement of Expenses - ₹0.10 crore
e.	Date of approval by the Board/Date of approval by the Shareholders	3 rd August, 2018/29 th September, 2018
f.	Amount paid as advances, if any	N.A.

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

On behalf of the Board of Directors

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

Place : Gurugram
Date : August 02, 2019

Independent Auditor's Report

To the Members of
Rico Auto Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

- We have audited the accompanying standalone financial statements of Rico Auto Industries Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31st March, 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of the realisability of loans and other receivables from step down subsidiary:</p> <p>As at 31st March, 2019, the Company has given loans amounting to ₹49.06 crores to a step subsidiary company, Rico Jinfei Wheels Limited (hereinafter referred to as "Subsidiary"), as disclosed in Note 7 and Note 43 to the accompanying standalone financial statements. The subsidiary has incurred losses/ earned low operating profit during the current and previous years.</p> <p>Since, the recoverability of the aforesaid amounts is largely dependent on the operational performance of aforesaid subsidiary, therefore, there is a risk that the subsidiary may not achieve the anticipated business performance, leading to an impairment charge that has not been recognized by the management.</p> <p>Management has assessed the realisability of the aforesaid amounts by carrying out a valuation of the subsidiary's business using the discounted cashflow method ("the Model"). The Model involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity.</p> <p>Considering the materiality of the above matter to the financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.</p>	<p>Our audit included, but were not limited to, the following procedures:</p> <ol style="list-style-type: none"> Obtained an understanding from the management with respect to process and controls followed by the Company to determine recoverability of the amounts receivable from its subsidiary companies; Obtained the valuation model from the management and reviewed their conclusions, including reading the report provided by an independent valuation expert engaged by the management; Assessed the professional competence, objectivity and capabilities of the third party expert considered by the management for performing the required valuations to estimate the recoverable value of the amounts receivable from the subsidiary; Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections; Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied by engaging auditor's valuation specialists. Tested the discount rate and terminal growth rates used in the forecast including comparison to economic and industry forecasts, where appropriate; Evaluated sensitivity analysis performed by the management and performed independent sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and Evaluated the appropriateness of disclosures made in the financial statements in accordance with the applicable accounting standards.

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

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

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

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

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

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the

current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29th May, 2019 as per Annexure B expressed unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March, 2019;
 - ii. the Company has made provision as at 31st March, 2019, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2019; and

- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December, 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Place: Gurugram

Date : May 29, 2019

Membership No.: 504662

Annexure A

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

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

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

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in Crores)	Amount paid under Protest (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Errors and Mismatch of challans in returns filed to Income Tax Department	0.005	Nil	Assessment year 2009-10, 2010-11, 2011-12	Assessing Officer, Income Tax Department.
Haryana VAT Act, 2003	Disallowance of certain expenses	0.04	Nil	Financial year 2007-08	Joint Commissioner
Gujarat VAT, 2003	Disallowance of input on rejected goods	0.04	0.009	Financial year 2017-18	Gujarat Sales tax Tribunal
Finance Act, 1994	Claim of cenvat on construction & other repair & maintenance service	0.64	Nil	Financial year 2005-06 to 2010-11	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and taxi	0.40	Nil	Financial year 2004-05 to 2007-08	Custom Excise & Tribunal Service Tax Appellate
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and taxi	0.17	Nil	Financial year 2005-06 to 2006-07	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and cab.	0.43	Nil	Financial year 2011-12 to 2012-13	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and cab.	0.09	Nil	Financial year 2013-14 to 2014-15	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Deposit of inadmissible cenvat credit availed on the capital goods destroyed in fire	0.39	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeal)
Finance Act, 1994	Denial of credit taken on outward freight	0.07	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeal)
Finance Act, 1994	Denial of credit taken on Service of insurance and tour and travelling services	0.11	Nil	Financial year 2015-16 to 2017-18	Commissioner, Central Excise (Appeal)
Haryana Local Area Development Tax Act, 2000	Applicability of local area development tax on items purchased	0.02	Nil	Financial year 2001-02 to 2003-04	Joint Commissioner (Appeal)
Finance Act, 1944	Denial of exemption for dies sent to job worker on the premise of captive consumption	3.25	0.10	Financial year 2006-07	High Court (Punjab & Haryana)
Central Excise Act, 1944	Supply of components without adding cost of designs/drawings/specifications	3.15	Nil	Financial year 2013-14 to 2017-18	Commissioner of CGST
Central Excise Act, 1944	Non-payment of excise duty on amount of sales tax retained by the assessee	0.56	Nil	Financial year 2011-12 to 2013-14	GST Appellate Tribunal
Central Excise Act, 1944	Short reversal of cenvat credit on clearance of capital Goods during slump sale.	1.07	Nil	Financial year 2017-18	Additional Commissioner Central Goods & Service tax

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

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

Ashish Gupta

Place : Gurugram
Date : May 29, 2019

Partner
Membership No.: 504662

Annexure B

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Rico Auto Industries Limited ('the Company') as at and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance

note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may

occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31st March, 2019, based on internal control over financial reporting criteria established by the company considering the essential

components of internal control stated in the Guidance Note issued by ICAI.

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

Place: Gurugram
Date : May 29, 2019

Ashish Gupta
Partner
Membership No.: 504662

BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Crores)

	Notes	As at March 31, 2019	As at March 31, 2018
I. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, plant and equipment	5	470.26	339.92
(b) Capital work-in-progress	5	70.51	61.96
(c) Intangible assets	5	—	0.17
(d) Financial assets			
(i) Investments	6	136.55	136.46
(ii) Loans	7	87.64	81.38
(e) Other non-current assets	9	15.51	21.63
Total non-current assets		780.46	641.52
2. CURRENT ASSETS			
(a) Inventories	10	97.60	53.03
(b) Financial assets			
(i) Investments	6	—	2.66
(ii) Trade receivables	11	246.21	226.67
(iii) Cash and cash equivalents	12	0.64	3.70
(iv) Bank balances other than (iii) above	13	1.43	2.66
(v) Loans	7	1.02	1.04
(vi) Other financial assets	8	7.53	5.20
(c) Other current assets	9	48.42	34.86
Total current assets		402.85	329.82
Total assets		1,183.31	971.34
II. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity share capital	14	13.53	13.53
(b) Other equity	15	566.76	530.73
Total equity		580.29	544.26
LIABILITIES			
2. NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	16	148.70	55.30
(b) Provisions	18	12.82	11.39
(c) Deferred tax liabilities (net)	31	18.19	14.77
(d) Other non-current liabilities	19	3.00	3.13
Total non-current liabilities		182.71	84.59
3. CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	16	142.62	127.71
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	20	32.19	21.48
b) Total outstanding dues of creditors other than micro and small enterprises	20	121.67	92.30
(iii) Other financial liabilities	17	86.12	88.86
(b) Other current liabilities	19	37.46	9.97
(c) Current tax liabilities (net)	21	0.25	2.17
Total current liabilities		420.31	342.49
Total equity and liabilities		1,183.31	971.34

Summary of significant accounting policies and other explanatory information (1 to 55)
This is the Balance Sheet referred to in our report of even date.

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

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

Ashish Gupta
Partner
Membership No.: 504662

Rakesh Kumar Sharma
Chief Financial Officer

Amarjit Chopra
Director
(DIN : 00043355)

Place : Gurugram
Date : May 29, 2019

B.M. Jhamb
Company Secretary

Satish Sekhri
Director
(DIN : 00211478)

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

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

(₹ in Crores)			
	Notes	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE			
Revenue From Operations	22	1,195.89	1,093.20
Other income	23	28.61	25.05
Total revenue		1,224.50	1,118.25
EXPENSES			
(a) Cost of materials consumed	24	806.08	696.28
(b) Purchases of Stock-in-Trade		7.77	15.93
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25	(22.69)	(3.87)
(d) Excise duty		—	17.45
(e) Other manufacturing expenses	26	118.14	109.35
(f) Employee benefits expense	27	105.46	100.60
(g) Finance costs	28	23.14	17.16
(h) Depreciation and amortisation expense	5	43.83	40.92
(i) Other expenses	29	67.21	54.51
Total expenses		1,148.94	1,048.33
Profit before exceptional items and tax		75.56	69.92
Exceptional items	30	9.13	6.80
Profit before tax		66.43	63.12
Tax expense	31		
Current tax		14.02	14.23
Deferred tax expense/(credit)		3.65	(0.75)
Total tax expense		17.67	13.48
Profit for the year		48.76	49.64
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
(a) Remeasurements of defined benefit plan obligation		(0.69)	(0.69)
(b) Income tax		0.24	0.24
Other comprehensive loss for the year		(0.45)	(0.45)
Total comprehensive income for the year		48.31	49.19
Earnings per share			
Basic and Diluted (nominal value per share ₹1/-)	32	3.60	3.67

Summary of significant accounting policies and other explanatory information (1 to 55)
This is the Statement of profit and loss referred to in our report of even date.

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

Ashish Gupta
Partner
Membership No.: 504662

Place : Gurugram
Date : May 29, 2019

Rakesh Kumar Sharma
Chief Financial Officer

B.M. Jhamb
Company Secretary

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

Amarjit Chopra
Director
(DIN : 00043355)

Satish Sekhri
Director
(DIN : 00211478)

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. Equity share capital

(₹ in Crores)

	No. of shares	Amount
Balance as at March 31, 2017	13,52,85,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2018	13,52,85,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2019	13,52,85,000	13.53

B. Other equity

	Capital reserve*	Capital redemption reserve	Securities premium reserve	Foreign currency monetary item translation difference account (FCMITDA)	General reserve	Retained earnings	Total
Balance as at March 31, 2017	0.00	2.00	145.04	0.36	79.54	273.50	500.44
Net profit for the year	—	—	—	—	—	49.64	49.64
Other comprehensive income for the year (net of taxes)	—	—	—	—	—	(0.45)	(0.45)
Total comprehensive income for the year	—	—	—	—	—	49.19	49.19
Dividend on equity shares	—	—	—	—	—	(10.15)	(10.15)
Tax on dividend	—	—	—	—	—	(2.07)	(2.07)
Interim dividend on equity shares	—	—	—	—	—	(5.41)	(5.41)
Tax on dividend	—	—	—	—	—	(1.10)	(1.10)
Exchange difference accumulated during the year	—	—	—	0.68	—	—	0.68
Exchange difference amortised during the year	—	—	—	(0.85)	—	—	(0.85)
Balance as at March 31, 2018	0.00	2.00	145.04	0.19	79.54	303.96	530.73
Net profit for the year	—	—	—	—	—	48.76	48.76
Other comprehensive income for the year (net of taxes)	—	—	—	—	—	(0.45)	(0.45)
Total comprehensive income for the year	—	—	—	—	—	48.31	48.31
Dividend on equity shares	—	—	—	—	—	(5.41)	(5.41)
Tax on dividend	—	—	—	—	—	(0.41)	(0.41)
Interim dividend on equity shares	—	—	—	—	—	(5.41)	(5.41)
Tax on dividend	—	—	—	—	—	(1.10)	(1.10)
Exchange difference accumulated during the year	—	—	—	0.68	—	—	0.68
Exchange difference amortised during the year	—	—	—	(0.63)	—	—	(0.63)
Balance as at March 31, 2019	0.00	2.00	145.04	0.24	79.54	339.94	566.76

* Amounts have been rounded off to zero

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

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

Ashish Gupta
Partner
Membership No.: 504662

Place : Gurugram
Date : May 29, 2019

Rakesh Kumar Sharma
Chief Financial Officer

B.M. Jhamb
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For and on behalf of the Board of Directors of
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Director
(DIN : 00043355)

Satish Sekhri
Director
(DIN : 00211478)

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

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities		
Net profit before tax	66.43	63.12
Adjustments for:		
Depreciation and amortisation	43.83	40.92
Provision for doubtful debts	0.46	—
Gain on mark to market valuation of mutual funds	—	(0.22)
Dividend income from subsidiary companies	(5.03)	—
Profit on sale of property, plant and equipment	(0.55)	(0.23)
Unrealised foreign exchange (gain)/loss, net	4.23	(3.09)
Finance costs	23.14	17.16
Unwinding of deferred income	(0.11)	(0.06)
Interest income	(8.62)	(9.81)
Operating profit before working capital changes	123.78	107.79
Movement in working capital		
(Increase)/decrease in inventories	(44.57)	(7.27)
(Increase) in trade receivables	(24.22)	(31.35)
Decrease in other financial assets (current and non-current)	(2.35)	0.98
Decrease/(increase) in other assets (current and non-current)	(13.91)	16.20
Increase/(decrease) in trade payables	40.08	24.47
Increase in other financial liabilities (current and non-current)	(1.66)	2.26
Increase in other liabilities and provisions (current and non-current)	28.22	0.24
	105.37	113.32
Direct taxes paid (net of refunds)	(11.66)	(15.67)
Net cash generated from operating activities	93.70	97.65
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work in progress and capital advances)	(160.11)	(86.88)
Sale of property, plant and equipment	1.16	1.82
Sale of investments	2.57	—
Dividend income from subsidiary companies	5.03	—
Movements in bank deposits	1.35	0.01
Interest received	2.27	3.09
Net cash used in investing activities	(147.72)	(81.94)
C. Cash flow from financing activities		
Proceeds from non-current borrowings	141.75	58.72
Repayment of non-current borrowings	(70.69)	(53.56)
Proceeds from current borrowings (net)	14.91	17.80
Dividend paid (including corporate dividend tax)	(12.34)	(18.73)
Interest paid	(22.68)	(16.62)
Net cash Generated/(used in) financing activities	50.96	(12.38)
Net increase/(decrease) in cash and cash equivalents	(3.06)	3.33
Cash and cash equivalents at the beginning of the year	3.70	0.37
Cash and cash equivalents at the close of the year	0.64	3.70

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

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

Ashish Gupta
Partner
Membership No.: 504662

Place : Gurugram
Date : May 29, 2019

Rakesh Kumar Sharma
Chief Financial Officer

B.M. Jhamb
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For and on behalf of the Board of Directors of
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Amarjit Chopra
Director
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Director
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Arvind Kapur
Chairman, CEO &
Managing Director
(DIN : 00096308)

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

1. CORPORATE INFORMATION

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

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

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

i) Ind AS 116

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

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

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

Ind AS 12 provides the recognition and measurement principles for current and deferred tax assets and liabilities.

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

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

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

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation and presentation

i) Compliance with Ind AS

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

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

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

ii) Functional and presentation currency

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

iii) Going concern and basis of measurement

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

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

3.2 Significant accounting policies

i) Revenue recognition

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

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

Sale of goods

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

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

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

Interest income

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

Rental income

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

Dividend income

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

ii) Government grants, subsidies and export incentives

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

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

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

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

iii) Property, plant and equipment

Freehold land is stated at cost and all other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and

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

attributable to the acquisition of property, plant and equipment is allocated/capitalised with the related property, plant and equipment. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

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

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

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

iv) Intangible assets

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

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

v) Depreciation and amortisation

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

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

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

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

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

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

vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

vii) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

De-recognition of financial assets

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

Investments in equity instruments of subsidiaries and joint ventures - Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

viii) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts, cross currency swaps and interest rate swaps to mitigate the risk of changes in exchange rates on foreign currency exposures.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss. Subsequent to initial recognition, the derivatives are measured at fair value through statement of profit and loss and the resulting exchange gains or losses are included in Statement of profit and loss under the head "other income" or "other expenses" as the case maybe.

ix) Inventories

Inventories are valued as follows:

Raw materials, stores and spares

Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work in progress

Work in progress is valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity and actual stage of production.

Finished goods

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

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

x) Business Combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities that are required to be measured as per the applicable standard. Purchase consideration in excess of the Company's interest in the

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

acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the Capital Reserve.

Common control: A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised through shareholders' equity.

xi) Employee benefits

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

a. Provident fund and Employee State Insurance scheme

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

b. Gratuity

Gratuity is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. Gratuity Fund is administered through Life Insurance Corporation of India and India First Life Insurance Company Limited. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

c. Compensated absences

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

xii) Research and development expenses

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Development expenditure that does not meet any of the aforementioned conditions is recognised in the Statement of Profit or loss as an expense as incurred.

Property, plant and equipment used for research and development are depreciated in accordance with the Company's policy on property, plant and equipment as stated above.

xiii) Borrowing cost

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

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

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

xiv) Foreign currency transactions

Initial recognition

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

Subsequent recognition

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

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

Exchange differences

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

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

Exchange difference arising on long term foreign currency monetary items not related to the acquisition of depreciable capital assets are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised through the Statement of Profit and Loss over the remaining term of the loan.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

xv) Taxation

Tax expense recognised in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognised in other comprehensive income or directly in equity.

Current tax is the amount of tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss (either in other comprehensive income or in equity). The current tax is calculated using the tax rate that have been enacted or subsequently enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

xvi) Leases

Company as a lessee

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

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

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

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

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

Company as a lessor

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

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

xvii) Provisions and contingencies

The Company creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xviii) Earnings per share

Basic earnings per share is calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

xix) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

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

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

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

xx) Cash and cash equivalents

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

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

xxi) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores (upto two decimal places) as per the requirements of Schedule III of the Act unless otherwise stated.

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- estimation on future sales, discount rates and terminal growth rates for subsidiary valuation;
- provision and contingent liabilities; and
- carrying values of inventories.

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

5. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND CAPITAL WORK-IN-PROGRESS

Particulars	Gross block				Accumulated depreciation			Net block		
	As at April 01, 2018	Additions	Disposals	Exchange differences	As at March 31, 2019	As at April 01, 2018	Charge for the year	Adjustment upon deletion	As at March 31, 2019	As at March 31, 2018
Land										
(a) Freehold	26.58	0.36	—	—	26.94	—	—	—	26.94	26.58
(b) Leasehold	19.02	—	—	—	19.02	0.38	0.20	0.58	18.44	18.64
Buildings	88.38	38.96	—	—	127.34	6.61	3.50	10.11	117.23	81.77
Furniture and fixtures	1.36	1.24	—	—	2.60	0.14	0.38	0.52	2.08	1.22
Plant and machinery	238.51	116.98	0.54	(0.35)	354.60	53.88	29.03	0.44	272.13	184.63
Dies and moulds	25.51	11.88	5.69	—	31.70	8.59	6.09	5.69	22.71	16.92
Vehicles	11.70	3.43	1.67	—	13.46	4.73	2.87	1.45	7.31	6.97
Office equipment	4.56	2.11	0.70	—	5.97	1.37	1.76	0.58	3.42	3.19
Total Property, plant and equipment	415.62	174.96	8.60	(0.35)	581.63	75.70	43.83	8.16	470.26	339.92
B. Intangible assets										
Computer software	0.25	—	0.25	—	—	0.08	—	0.08	—	0.17
C. Capital work-in-progress										
Capital work-in-progress as at March 31, 2019	Amount									
Capital work-in-progress as at March 31, 2018	70.51									
	61.96									
D. Borrowing costs capitalized/transferred to capital work in progress during the year amounts to ₹1.37 crores (Previous year ₹1.37 crores) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's borrowings during the year, in this case 6.81% (Previous year 6.75%)										

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

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
6. INVESTMENTS		
Non-current		
Investments in equity instruments in subsidiaries (at cost, fully paid up) - unquoted		
Rico Auto Industries Inc. (USA)	0.12	0.12
2,500 equity shares of US\$ 10 each (March 31, 2018: 2,500 equity shares of US\$ 10 each)		
Rico Auto Industries (UK) Limited (U.K.)	0.17	0.17
20,000 equity share of GBP 1 each (March 31, 2018: 20,000 equity share of GBP 1 each)		
AAN Engineering Industries Limited	0.05	0.05
50,000 equity shares of ₹10/- each (March 31, 2018: 50,000 equity shares of ₹10/- each)		
Rico Investments Limited		
115,000,000 equity shares of ₹10/- each (March 31, 2018: 115,000,000 equity shares of ₹10/- each)	115.00	115.00
Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited)#	21.21	—
21,520,000 equity Shares of ₹10/- each (March 31, 2018: 21,120,000 equity shares of ₹10/- each)		
	136.55	115.34
Investment in joint venture (at cost) - unquoted	—	—
Rico Fluidtronics Limited	—	21.12
21,120,000 equity shares of ₹10/- each	—	21.12
Current		
Investment carried at fair value through profit and loss (FVTPL)-quoted		
Investment in mutual funds		
Nil (previous year: 1,983,832 units at ₹13.399/- per unit) units of BOI AXA Corporate Credit Spectrum Fund- Direct growth	—	2.66
	—	2.66
# Joint venture till 29 March, 2019, refer note 49		
Aggregate amount of un-quoted investment at cost (Non-current investment)	136.55	136.46
Aggregate amount of quoted investment at cost (Current investment)	—	2.00
Aggregate amount of quoted investment at fair value (Current investment)	—	2.66
7. LOANS		
(Unsecured, considered good)		
Non-current		
Loan to related parties (refer note 43)	82.73	76.55
Security deposits	4.91	4.83
	87.64	81.38
Current		
Security deposits	—	0.18
Loans to employees	1.02	0.86
	1.02	1.04
8. OTHER FINANCIAL ASSETS		
(Unsecured, considered good)		
Current		
Interest receivable	0.30	0.37
Unbilled revenue	0.49	3.67
Insurance claim receivable	0.16	0.79
Derivative asset measured at fair value (refer note 33)	0.56	—
Recoverable from LIC	3.25	0.37
Receivable from electricity board	2.77	—
	7.53	5.20

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

	(₹ in Crores)	
	As at March 31, 2019	As at March 31, 2018
9. OTHER ASSETS		
(Unsecured, considered good)		
Non-current		
Capital advances	12.27	14.47
Income tax receivable	2.86	7.13
Prepaid expenses	0.38	0.03
	<u>15.51</u>	<u>21.63</u>
Current		
Advance to suppliers	10.86	4.39
Prepaid expenses	4.38	3.67
Balance with statutory/government authorities	22.78	14.76
Export incentive receivable	5.31	5.69
Others	5.09	6.35
	<u>48.42</u>	<u>34.86</u>
10. INVENTORIES		
(valued at lower of cost or net realisable value)		
Raw material and components	19.51	14.07
Work-in-progress	1.45	4.98
Finished goods	37.13	10.92
Goods-in-transit(finished goods)	3.69	1.74
Stores and spares	35.82	21.32
	<u>97.60</u>	<u>53.03</u>
11. TRADE RECEIVABLES		
Unsecured, considered good	246.21	226.67
Unsecured, considered doubtful	0.46	—
	<u>246.67</u>	<u>226.67</u>
Less: allowance for expected credit loss	(0.46)	—
	<u>246.21</u>	<u>226.67</u>
12. CASH AND CASH EQUIVALENTS		
Cash on hand	0.10	0.23
Balances with banks:		
In current accounts	0.54	3.47
	<u>0.64</u>	<u>3.70</u>
13. OTHER BANK BALANCES		
Unpaid dividend accounts	1.40	1.28
Bank deposits with maturity of more than 3 months and less than 12 months*	0.03	1.38
	<u>1.43</u>	<u>2.66</u>

*Pledged with bank for issuing letter of credit.

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

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
14. EQUITY SHARE CAPITAL		
a) Authorised		
490,000,000 equity shares of ₹1/- each (March 31, 2018: 490,000,000 equity sh-res of ₹1/- each)	49.00	49.00
5,000,000 redeemable preference shares of ₹10/- each (March 31, 2018: 5,000,000 redeemable preference shares of ₹10/- each)	5.00	5.00
	<u>54.00</u>	<u>54.00</u>
b) Issued, subscribed and paid-up		
135,285,000 equity shares of ₹1/- each fully paid up (previous year 135,285,000 equity shares of ₹1/- each)	13.53	13.53
	<u>13.53</u>	<u>13.53</u>

c) Reconciliation of number of equity shares outstanding

(₹ in Crores)

	Year ended March 31, 2019		Year ended March 31, 2018	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	13.53	13,52,85,000	13.53	13,52,85,000
Movement during the year	—	—	—	—
Outstanding at the end of the year	<u>13.53</u>	<u>13,52,85,000</u>	<u>13.53</u>	<u>13,52,85,000</u>

d) Description of the rights, preferences and restrictions attached to each class of shares

Equity Shares: The Company has only one class of equity shares having a face value of ₹1/- per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India Limited and BSE Limited.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(₹ in Crores)

Name of Shareholders	As at March 31, 2019		As at March 31, 2018	
	% of	No. of shares holding	% of	No. of shares holding
Kapsons Manufacturing and Services Private Limited (formerly Kapsons Associates Investment Private Limited)	15.40	2,08,38,321	15.40	2,08,38,321
Arvind Kapur	9.37	1,26,74,960	9.35	1,26,52,460
Arun Kapur	6.44	87,08,416	6.39	86,51,160
Meraki Manufacturing and Finvest Advisors Private Limited	8.72	1,17,90,841	8.72	1,17,90,841
Higain Investments Private Limited	5.60	75,70,628	5.60	75,70,628

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

- f) The Company has not issued bonus shares, equity shares issued for considerations other than cash and also no shares has been bought back during the period of five years immediately preceding the reporting period.

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

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
15. OTHER EQUITY		
Capital reserve*	0.00	0.00
Capital redemption reserve	2.00	2.00
Securities premium	145.04	145.04
Foreign currency monetary item translation difference	0.24	0.19
General reserve	79.54	79.54
Retained earnings	339.93	303.96
	<u>566.76</u>	<u>530.73</u>
Reconciliation of reserves		
Capital reserve		
Opening balance*	0.00	0.00
Add : Additions during the year	—	—
Less : Utilised/ transferred during the year	—	—
Closing balance*	<u>0.00</u>	<u>0.00</u>
Capital redemption reserve		
Opening balance	2.00	2.00
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing balance	<u>2.00</u>	<u>2.00</u>
Securities premium		
Opening balance	145.04	145.04
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing balance	<u>145.04</u>	<u>145.04</u>
Foreign currency monetary item translation difference		
Opening balance	0.19	0.36
Add : Exchange differences accumulated during the year	0.68	0.68
Less : Exchange differences amortised during the year	(0.63)	(0.85)
Closing balance	<u>0.24</u>	<u>0.19</u>
General reserve		
Opening balance	79.54	79.54
Add: Transferred from Statement of profit and loss	—	—
Closing balance	<u>79.54</u>	<u>79.54</u>
Surplus in profit and loss account		
Opening balance	303.96	273.50
Add : Profit transferred from statement of profit and loss	48.76	49.64
Less : Other comprehensive income for the year (net of taxes)	(0.45)	(0.45)
Less : Final dividend on equity shares**	(5.41)	(10.15)
Less : Corporate dividend tax on above**	(0.41)	(2.07)
Less : Interim dividend on equity shares***	(5.41)	(5.41)
Less : Corporate dividend tax on above***	(1.10)	(1.10)
Closing balance	<u>339.93</u>	<u>303.96</u>
	<u>566.76</u>	<u>530.73</u>

* Amounts have been rounded off to zero

** pertains to year ended March 31, 2018. The Company has taken credit for the corporate dividend tax paid by the subsidiary company in accordance with the provisions of Income Tax Act.

*** During the year ended March 31, 2019, the Company declared an interim dividend of ₹5.41 crores (₹0.40 per equity share of ₹1/- each) at their board meeting held on February 11, 2019, the corporate dividend tax on the same amounts to ₹1.10 crores.

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

Description of Reserves

a. Capital Reserve

The same has been created in accordance with provision of the Act on forfeiture of shares and debentures in past and is not available for distribution to owners.

b. Capital Redemption Reserve

The same has been created on redemption of share capital and shall be utilised in accordance with provision of the Act.

c. Securities Premium

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

d. Foreign Currency Monetary Item Translation Difference

Exchange differences arising on long term foreign currency monetary items (long term loans) are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining term of the loan.

e. General Reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purpose.

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
16. BORROWINGS		
Non-current (Secured)*		
Term loan		
From banks		
Foreign currency loans	77.96	68.79
Rupee loans	115.27	53.55
Vehicle loans		
From financial institution	2.34	3.29
From banks	1.44	0.36
	<u>197.01</u>	<u>125.99</u>
Less: Current maturities of long term secured borrowings (refer note 17)	48.31	70.69
	<u>148.70</u>	<u>55.30</u>
Current (Secured)**		
Working capital loans from banks:		
Foreign currency loans	—	25.59
Rupee loans	142.62	102.12
	<u>142.62</u>	<u>127.71</u>

* Refer note A below for security details and terms of repayment for non-current borrowings.

** Refer note B below for security details and terms of repayment for current borrowings.

A. Security details and term of repayment - non-current secured loans

A1. Foreign currency term loan from Yes Bank Limited carries interest @ 3 months Libor+ 3.75% per annum (previous year 3 months Libor+ 3.75% per annum) and is repayable in 14 equal quarterly installments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	5.93	13.03
A2. Foreign currency term loan from Yes Bank Limited carries interest @ 6 months Libor+ 3.85 % per annum (previous year 6 months Libor+ 3.85% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	1.11	2.44
A3. Foreign currency term loan from Kotak Mahindra Bank Limited carries interest @ 6 months Libor+ 3.50 % per annum (previous year 6 months Libor+ 3.50% to 3.85% per annum) and is repayable in 16 equal quarterly installments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the certain immovable properties of the Company situated at Dharuhera and Gurugram.	7.78	12.22

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

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
A4. The Company has taken a term loan along with cross currency swap (INR to Euro) from RBL Bank Limited. The loan carries fixed interest rate at 2.80% per annum on euro notional and is repayable in 18 equal quarterly installments after moratorium of 6 quarters starting June, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	36.90	—
A5. Foreign currency term loan from RBL Bank Limited carries interest @ 3 months Libor+ 3.85% per annum (previous year 3 months Libor+ 3.85% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	2.52	12.55
A6. Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.70% to 10.05% per annum (previous year 9.55% to 9.75% per annum) and is repayable in 3 equal quarterly installments starting December, 2018. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	6.67	19.98
A7. Rupee term loan from RBL Bank Limited carries interest @ 9.70% to 10.50% per annum (previous year 9.70% to 10.00 % per annum) and is repayable in 14 equal quarterly installments starting June, 2017. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	2.14	3.57
A8. Rupee term loan from Yes Bank Limited carries interest @ 9.05% to 10.20% per annum (previous year 9.05% per annum) and is repayable in 16 equal quarterly installments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	47.13	30.00
A9. The Company has taken term loan along with a interest rate swap (INR to Euro) from Indusind Bank Limited. The loan carries fixed interest rate at 4.50% per annum on Euro notional and is repayable in 12 equal quarterly installments starting November, 2018. The Term Loan is secured by exclusive charge on immovable properties (land & building) of the Company situated at Chennai and machinery imported under this facility.	13.61	—
A10. The Company has taken term loan along with a principal only swap (INR to Euro) from Kotak Mahindra Bank Limited. The loan carries interest @ 9.40% per annum and is repayable in 16 equal quarterly installments after moratorium of 6 quarters starting December, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	13.86	—
A11. Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.35% to 9.45% per annum and is repayable in 16 equal quarterly installments after moratorium of 12 quarters starting December, 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	1.77	—
A12. Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.50% to 9.60% per annum and is repayable in 16 equal quarterly installments after moratorium of 12 quarters starting December, 2021. The term loan is secured by first	30.09	—

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

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
<p>pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.</p>		
A13. Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 35-60 carrying interest @ 8.15% per annum to 11.05% per annum (Previous year 8.15% per annum to 11.05% per annum).	3.78	3.65
A14. Buyer's credit facility from State Bank of India (earlier State Bank of Patiala) is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable at 12 months carrying interest @ Libor +0.35% to 1.25% per annum (Previous year Libor +0.35% to 1.25% per annum). The loan has been fully repaid on February 1, 2019.	—	7.35
A15. Buyer's credit facility from Indusind Bank Limited (taken over from Axis Bank Limited) are secured by exclusive charge on immovable properties (land & building) of the Company situated at Chennai and machinery imported under this facility and are repayable at 12 months carrying interest @ Libor + 0.20% to 0.45% per annum (Previous year Libor + 0.20% to 0.45% per annum). The loan has been fully repaid on December 21, 2018.	—	18.62
A16. Buyer's credit facility from Yes Bank Limited is secured under working capital security ie First pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future) and by exclusive charge on the machinery imported availing the said facility and are repayable at 12 months carrying interest @ Libor + 0.50% per annum (Previous year Libor + 0.50% per annum). The loan has been fully repaid on August 30, 2018.	—	2.58
A17. Supplier's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in 3 yearly installments starting July, 2019. Loan carries interest @ Euribor + 0.35% to 0.50% per annum.	16.70	—
A18. Reimbursement authorization facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable after 3 years carrying interest @ Euribor + 0.78% per annum.	7.02	—
	197.01	125.99
B. Security Details - Current secured loans		
B1. Working capital loans/facilities are secured against first pari passu charge on all the current assets of the Company including all types of stocks and book debts/receivables (both present and future).	142.62	102.12
B2. Packing credit facility from Kotak Mahindra Bank Limited is secured against first pari passu charge on all the current assets of the Company (both present and future).	—	20.73
B3. Packing credit facility from Yes Bank Limited is secured against first pari passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock in process, finished goods, stores, consumables and receivables.	—	4.86
	142.62	127.71

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

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
17. OTHER FINANCIAL LIABILITIES		
Current		
Current maturities of long-term debts (refer note 16 for security and repayment details)		
Secured		
Foreign currency loans	38.83	53.02
Rupee loans	9.48	17.67
Derivative liability measured at fair value (refer note 33)	—	0.32
Interest accrued but not due on borrowings	1.15	0.68
Unclaimed dividends	1.33	1.29
Security deposit	2.31	1.57
Payable for capital purchases	24.67	3.83
Employee benefit payable	8.36	10.48
	<u>86.12</u>	<u>88.86</u>
18. PROVISIONS		
Non-current		
Provision for gratuity (refer note 39)	8.68	9.00
Provision for compensated absences	4.14	2.39
	<u>12.82</u>	<u>11.39</u>
19. OTHER LIABILITIES		
Non-current		
Security deposits	1.84	1.99
Deferred revenue	1.16	1.14
	<u>3.00</u>	<u>3.13</u>
Current		
Statutory liabilities	3.62	4.38
Security deposits	0.56	0.59
Advances from customers	31.78	4.94
Deferred revenue	—	0.06
Other liabilities	1.50	—
	<u>37.46</u>	<u>9.97</u>
20. TRADE PAYABLES		
Payable to micro enterprises and small enterprises (refer note 37)	32.19	21.48
Other payables	112.47	86.16
Due to related parties (refer note 43)	9.20	6.14
	<u>153.86</u>	<u>113.78</u>
21. CURRENT TAX LIABILITIES (NET)		
Provision for income tax (net of advance tax: ₹10.21 crores)	0.25	2.17
(March 31, 2018: net of advance tax: ₹12.06 crores)	<u>0.25</u>	<u>2.17</u>

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

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
22. REVENUE FROM OPERATIONS		
Sale of products	1,167.11	1,063.25
Sale of services		
Job work income	0.78	0.30
Other operating revenues		
Scrap sales	9.10	9.33
Duty draw back and other incentives	17.11	15.54
Support services	1.79	4.24
Others	—	0.54
	<u>1,195.89</u>	<u>1,093.20</u>
23. OTHER INCOME		
Interest income	8.62	9.81
Dividend income from subsidiary companies	5.03	—
Exchange rate fluctuation (net)	4.50	4.77
Rental income from operating lease	7.56	8.04
Gain on fair value change in investments	—	0.22
Miscellaneous income	2.90	2.21
	<u>28.61</u>	<u>25.05</u>
24. COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	14.07	10.88
Add : Purchases during the year	811.51	699.47
Less : Closing stock	19.51	14.07
Raw material and components consumed	<u>806.08</u>	<u>696.28</u>
25. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	4.98	12.03
Closing stock	1.45	4.98
	<u>3.53</u>	<u>7.05</u>
(b) Finished goods		
Opening stock	10.92	—
Closing stock	37.13	10.92
	<u>(26.21)</u>	<u>(10.92)</u>
	<u>(22.69)</u>	<u>(3.87)</u>
26. OTHER MANUFACTURING EXPENSES		
Consumption of stores and spares	31.13	37.20
Power and fuel	47.81	38.08
Sub contracting expenses	39.20	34.07
	<u>118.14</u>	<u>109.35</u>
27. EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	90.99	87.56
Contribution to provident and other funds (refer note 39)	8.76	8.40
Staff welfare expenses	5.71	4.64
	<u>105.46</u>	<u>100.60</u>
28. FINANCE COSTS		
Interest expense	20.41	14.96
Other borrowing costs	2.73	1.80
Exchange differences regarded as an adjustment to borrowing costs	—	0.40
	<u>23.14</u>	<u>17.16</u>

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

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
29. OTHER EXPENSES		
Rent (refer note 42)	2.09	1.85
Repairs		
Buildings	1.14	0.50
Machinery	4.09	3.02
Others	3.36	2.79
Insurance	2.43	2.67
Rates and taxes	0.51	1.77
Directors' sitting fees	0.26	0.26
Traveling and conveyance	4.35	3.50
Legal and professional*	5.36	6.14
Vehicle running and maintenance expenses	2.67	2.25
Freight and forwarding	34.18	22.75
Line rejection and re-work charges	4.65	1.49
Miscellaneous expenses	2.12	5.54
	<u>67.21</u>	<u>54.51</u>
*Includes payment to the auditors on account of:		
Audit services	0.47	0.47
Other services	0.07	0.07
Reimbursement of expenses	0.04	0.05
	<u>0.58</u>	<u>0.59</u>
30. EXCEPTIONAL ITEMS		
On account of voluntary retirement scheme (refer note 48)	9.13	6.80
	<u>9.13</u>	<u>6.80</u>

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

9.13 6.80

31. INCOME TAX

(₹ in Crores)

A. The reconciliation of estimated income tax expense at statutory ir	Year ended March 31, 2019		Year ended March 31, 2018	
	Amount	%	Amount	%
Profit from continuing operations before income tax expense	66.43	—	63.12	—
Income tax using the Company's domestic tax rate	23.21	34.94	21.85	34.61
Tax incentives and concessions	(6.59)	(9.92)	(7.49)	(11.86)
Non deductible expenses	0.40	0.60	0.14	0.22
Others	0.65	0.97	(1.01)	(1.61)
Income tax expenses recognised in the statement of profit and loss	17.67	26.60	13.48	21.36

(₹ in Crores)

Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognised/ (reversed) through profit and loss	Recognised/ (reversed) through OCI/equity	Closing balance
For the period ended March 31, 2018				
Deferred tax liabilities				
Depreciation and amortisation	18.47	0.67	—	19.14
Financial assets and liabilities at amortised cost	5.98	2.38	—	8.36
Others	—	0.16	—	0.16
	24.45	3.21	—	27.66
Deferred tax assets				
Employee benefits	(5.93)	(0.26)	(0.24)	(6.43)
Minimum alternative tax credit entitlement	(2.43)	(3.95)	—	(6.38)
Others	(0.33)	0.26	—	(0.07)
	(8.69)	(3.95)	(0.24)	(12.88)
Net deferred tax liabilities	15.76	(0.75)	(0.24)	14.77
For the period ended March 31, 2019				
Deferred tax liabilities				
Depreciation and amortisation	19.14	7.28	—	26.42
Financial assets and liabilities at amortised cost	8.36	5.06	—	13.42
Others*	0.16	—	—	0.16
	27.66	12.34	—	40.00
Deferred tax assets				
Employee benefits	(6.43)	(2.51)	(0.24)	(9.18)
Minimum alternative tax credit entitlement	(6.38)	(6.40)	—	(12.78)
Others	(0.07)	0.22	—	0.15
	(12.88)	(8.69)	(0.24)	(21.81)
Net deferred tax liabilities	14.77	3.65	(0.24)	18.19

32. EARNING PER SHARE

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit after tax (A)(₹)	48.76	49.64
Weighted average number of equity shares (basic/diluted) (B)	13,52,85,000	13,52,85,000
Nominal value of equity share (₹)	1.00	1.00
Earnings per share-basic/diluted (A/B) (₹)	3.60	3.67

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

33. FINANCIAL INSTRUMENTS

A. Financial Instruments by Category

The carrying amounts and fair values of financial instruments by category are as follows:

(₹ in Crores)

	As at March 31, 2019		As at March 31, 2018	
	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*
Financial assets				
Non-current				
Loans	—	87.64	—	81.38
Other financial assets	—	15.51	—	—
Current				
Investments	—	—	2.66	—
Trade Receivables	—	246.21	—	226.67
Cash and cash equivalents	—	0.64	—	3.70
Bank balances other than cash and cash equivalents	—	1.43	—	2.66
Loans	—	1.02	—	1.04
Other financial assets	0.56	6.97	—	5.20
	0.56	359.42	2.66	320.65
Financial liabilities				
Non-current				
Borrowings (excluding current maturities)	—	148.70	—	55.30
Current				
Borrowings	—	142.62	—	127.71
Trade payables	—	153.86	—	113.78
Other financial liabilities	—	86.12	0.32	88.54
	—	531.30	0.32	385.33

* The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value.

B. Fair value hierarchy

The categories used are as follows:

Level 1: Quoted price in active market.

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Company.

B1. Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

	As at	Level 1	Level 2	Level 3	Total
Derivative asset	March 31, 2019	—	0.56	—	0.56
Derivative liability	March 31, 2018	—	0.32	—	0.32
Investment measured at fair value through profit and loss	March 31, 2018	2.66	—	—	2.66

34. CAPITAL MANAGEMENT

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

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

Total debt divided by total equity

	(₹ in Crores)	
	As at March 31, 2019	As at March 31, 2018
Total Debts*	339.63	253.69
Total Equity#	580.28	544.26
Debt Equity Ratio	0.59	0.47

* includes short term and long term borrowings with current maturities

includes equity share capital and other equity

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

35. FINANCIAL RISK MANAGEMENT

35A. Market risk:

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks namely currency risk and interest rate risk. The objective of the market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return.

a. Foreign currency risk:

The Company's exposure arises mainly on import (of raw material and capital items), export (of finished goods) and foreign currency borrowings. The Company follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Company, management uses certain derivative instruments to manage its exposure to the foreign currency risk. Foreign currency transactions are managed within approved policy parameters.

(i) Particulars of unhedged foreign currency exposure as at the reporting date

The Company exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

	(₹ in Crores)					
As at March 31, 2019	USD	JPY	EURO	GBP	Others	Total
Trade payable	10.61	4.41	4.13	—	—	19.15
Advance From Customer	6.09	—	2.00	2.74	—	10.83
Other Payables	0.08	—	0.06	—	—	0.14
Borrowings:						
Term loan#	17.48	—	87.51	—	—	104.99
Less: Investments	0.17	—	—	0.18	—	0.35
Less: Cash & Bank	—	—	0.01	—	—	0.01
Less: Advance to supplier	3.91	4.68	4.19	0.17	—	12.95
Less: Trade Receivable	43.88	—	21.91	—	—	65.79
Net payable/(Receivable)	(13.70)	(0.27)	67.59	2.39	—	56.01
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	0.14	0.00	(0.68)	(0.02)	—	(0.56)
Sensitivity to decrease of 1%	(0.14)	(0.00)	0.68	0.02	—	0.56

Includes INR to EURO Swap amounting to EURO 3,466,251 outstanding as at 31st March, 2019.

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

(₹ in Crores)

As at March 31, 2018	USD	JPY	EURO	GBP	Others	Total
Trade payable	2.15	0.11	0.32	0.12	0.02	2.72
Borrowings:						
Buyer's credit facility	2.30	9.36	16.89	—	—	28.55
Term loan	39.95	—	—	—	—	39.95
Packing credit facility	25.59	—	—	—	—	25.59
Less: Trade Receivable	61.17	—	26.83	(4.33)	—	83.67
Net payable	8.82	9.47	(9.62)	4.45	0.02	13.14
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	(0.09)	(0.09)	0.10	(0.04)	(0.00)	(0.13)
Sensitivity to decrease of 1%	0.09	0.09	(0.10)	0.04	0.00	0.13

Derivatives outstanding as at the reporting date

(₹ in Crores)

Currency sold	As at March 31, 2019	As at March 31, 2018
Forward contract (sell) against exports	USD 48.85	32.96
Forward contract (sell) against exports	EURO —	4.10

b. Interest rate risk:

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Variable rate borrowing	223.73	224.72

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

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Variable rate borrowings		
Interest rate increase by 0.5%	1.12	1.12
Interest rate decrease by 0.5%	(1.12)	(1.12)

35B. Credit Risk

Credit risk refers to the risk of default on its obligation by the customer/counter party resulting in a financial loss. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarised below:

(₹ in Crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments	—	2.66
Cash and cash equivalents	0.64	3.70
Other bank balances	1.43	2.66
Trade receivables	246.21	226.67
Loans	88.66	82.42
Other financial assets	7.53	5.20

Cash and cash equivalents and bank balances

Credit risk relating to cash and cash equivalents and restricted cash is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an on-going basis. Investments include investment in liquid mutual fund units having low credit risk.

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

Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. In Accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2019 and March 31, 2018 is insignificant. Top five customers for the year ended March 31, 2019 constitutes 54.48% of net trade receivables (March 31, 2018: 65.37%).

Loans and other financial assets measured at amortised cost

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

Given below is the ageing of trade receivable and loans:

	As at March 31, 2019	As at March 31, 2018
(₹ in Crores)		
A. Trade Receivables		
Outstanding for more than six months	5.50	9.09
Others	240.71	217.58
	<u>246.21</u>	<u>226.67</u>
B. Loans		
Less than 1 year	—	—
1-3 years	57.47	29.49
More than 3 years	25.26	47.06
	<u>82.73</u>	<u>76.55</u>

35C. Liquidity risk:

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the Company. The Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

The below tables summarise the maturity profile of the Company's financial assets and financial liabilities:

	Less than 1 year	1-3 years	More than 3 years	Total
(₹ in Crores)				
As at March 31, 2019				
Borrowing	190.93	84.38	64.32	339.63
Interest accrued but not due on borrowings	1.15	—	—	1.15
Trade payable (including payable for capital goods)	178.53	—	—	178.53
Unclaimed dividends	1.33	—	—	1.33
Employee benefit payable	8.36	—	—	8.36
Security deposit	2.31	—	—	2.31
	<u>382.60</u>	<u>84.38</u>	<u>64.32</u>	<u>531.30</u>
As at March 31, 2018				
Borrowing	198.40	41.87	13.42	253.69
Interest accrued but not due on borrowings	0.68	—	—	0.68
Trade payable (including payable for capital goods)	117.62	—	—	117.62
Unclaimed dividends	1.29	—	—	1.29
Employee benefit payable	10.48	—	—	10.48
Security deposit	1.57	—	—	1.57
Derivative liability measured at fair value	0.32	—	—	0.32
	<u>330.36</u>	<u>41.87</u>	<u>13.42</u>	<u>385.65</u>

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

36. CONTINGENCIES

A. Contingent liability

A1. Demand against the Company not acknowledged as liability

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Income tax	0.00*	0.00*
Sales tax and Value added tax	0.61	0.30
Excise and service tax	9.82	7.19
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60
Others	0.01	0.01

*Amounts have been rounded off to zero

Out of the above, the following amounts are under litigation at various courts or similar forums:

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Sales tax and Value added tax	0.56	0.04
Excise and service tax	6.40	5.16
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60

**DHBVN had demanded ₹5.60 crores (previous year ₹5.60 crores) for overdrawing power as compared to approved load limit. DHBVN filed a writ petition before Honourable High Court of Punjab and Haryana which was dismissed on account of non-prosecution on 15th February, 2016. Thereafter, DHBVN filed case against the Company with divisional bench of Honourable High Court of Punjab and Haryana. The Company has deposited ₹3.60 crores with DHBVN.

- A2.** GAIL (India) Limited ("GAIL") has raised a demand against the Company in relation to minimum gas consumption by the Company in accordance with the terms of Gas Sale Agreement executed between GAIL and the Company. The Company had filed a case against GAIL with Competition Commission of India which was decided in favour of the Company, however GAIL continues to send demand notices to the Company (amounting to ₹34.58 crores) however Company is refuting the claims filed by GAIL. Based on legal advice the Company believes there will be no outflow of resources in respect of claims filed by GAIL.
- A3.** Surety bonds executed in favour of the President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing capital goods at concessional rate of custom duty. Amount of custom duty involved is ₹4.66 crores (March 31, 2018: ₹4.28 crores).
- A4.** The Honourable Supreme Court of India in its decision dated 28th February, 2019 has held that an 'allowance' paid by an employer to its employees will be included in the scope of 'basic wages' and hence, should be included in the calculations for determining provident fund contributions. As the above decision has not prescribed any clarification regarding its date of application, the Company is in the process of evaluating the impact on the provident fund contributions. Pending further clarifications and evaluations of impact of above decision and based on legal advice, no additional provisions for provident fund contributions have been recognised in the financial statements for the year ended 31st March, 2019.
- A5.** The Company has given comfort letter to banks for funds raised by Rico Jinfei Wheels Limited.

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

37. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Crores)

	As at March 31, 2019		As at March 31, 2018	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	32.19	0.02	21.48	0.10
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	—	—	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	—	—	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	—	0.02	—	0.10
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	—	—	—	—

38. COMMITMENTS

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹ 12.27 crores (March 31, 2018: ₹14.47 crores)]	67.84	115.85

39. EMPLOYEE BENEFITS

A. Defined contribution plans

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Employer's contribution to provident fund	4.79	4.33
Employer's contribution to ESI	0.29	0.28

B. Defined benefit plan

GRATUITY

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India with whom the plan assets are maintained.

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

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

	(₹ in Crores)	
	As at March 31, 2019	As at March 31, 2018
B1. Change in defined benefit obligation		
Present value of obligation as at beginning of the year	17.88	18.26
Current service cost*	1.28	1.32
Interest cost	1.39	1.35
Benefits paid	(3.51)	(3.74)
Actuarial loss	0.65	0.69
Present value of obligation as at end of the year	17.69	17.88
*Included in employee benefit expenses.		
B2. Change in fair value of plan assets		
Fair value of assets at the beginning of the year	8.88	8.62
Expected return on plan assets	0.69	0.64
Employers contributions	2.95	1.23
Benefits paid	(3.51)	(1.61)
Actuarial gain	—	—
Fair value of plan assets as at end of the year	9.01	8.88
B3. The amounts to be recognised in balance sheet		
Present value of obligation as at the end of the period	17.69	17.88
Fair value of plan assets as at the end of the period	(9.01)	(8.88)
Net liability recognised in Balance Sheet	8.68	9.00
— Non-current	8.68	9.00
— Current	—	—
B4. Expense recognised during the year		
In income statement		
Current service cost	1.28	1.32
Interest cost (net of income)	0.70	0.71
Net cost	1.98	2.03
In other comprehensive income		
Change in financial assumptions	0.17	(0.75)
— Experience variance (i.e. Actual experience vs assumptions)	0.52	1.44
— Return on plan assets, excluding amount recognised in net interest expense	—	—
Net cost	0.69	0.69
B5. Actuarial assumptions:		
Discount rate	7.70%	7.80%
Rate of increase in compensation levels	6.25%	6.25%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

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

B6. Sensitivity analysis for gratuity liability

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

	(₹ in Crores)			
	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	16.85	18.59	17.00	18.82
Impact of change in salary (+/- 0.5%)	18.60	16.84	18.83	16.98
Impact of change in attrition rate (+/- 0.5%)	17.75	17.63	17.94	17.80

B7. Experience adjustment related to gratuity is summarised as below:

	(₹ in Crores)				
	Year ended				March 31, 2019
	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	
On plan liabilities - (gain)/(loss)	(2.58)	(0.30)	(1.54)	(1.44)	(0.52)
On plan assets - gain/(loss)	(0.15)	(0.03)	(0.22)	—	—

C. Other long-term benefit plans

Other long-term benefit plans represent the compensated absences provided to the employees of the Company.

Actuarial valuation has been done with the following assumptions:

	(₹ in Crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.70%	7.80%
Salary growth rate	6.25%	6.25%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition/Withdrawal rates, based on age: (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

40. EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	(₹ in Crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Capital expenditure	7.33	4.27
Employee benefits expense	10.68	7.45
Revenue expenditure other than depreciation	3.48	3.47
Depreciation on research and development assets	1.36	1.02

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

41. Information pursuant to regulation 34, read with Schedule V (Part A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Loans and advances in the nature of loans to subsidiaries

(₹ in Crores)

Name of entity	As at	As at	Maximum balance	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Rasa Autocom Limited (Step down Subsidiary)	28.87	26.03	28.87	26.03
Rico Jinfei Wheels Limited (Step down Subsidiary)	49.06	46.24	49.06	46.23
AAN Engineering Industries Limited (Subsidiary)	4.80	4.27	4.80	4.27

42. The Company's operating lease payments pertains to premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to ₹2.09 crores (March 31, 2018: ₹1.85 crores) for the year, has been charged to the statement of profit and loss.

The Company has a non-cancellable lease at Sanand wherein Company is liable to pay ₹16.79 crores in future years however Company has obtained waiver of rent from the lessor from time to time which has been granted by the Lessor. The Company has placed the waiver request for current year and expects the same will be granted. As a result, the Company believe that Company would not be required to pay any rent in future in relation to this lease.

43. RELATED PARTY DISCLOSURES

I. Related parties

A. Subsidiaries

A1. Indian

- i. AAN Engineering Industries Limited
 - ii. Rico Investments Limited
 - iii. Rico Aluminium and Ferrous Auto Components Limited (step down subsidiary)
 - iv. Rasa Autocom Limited (step down subsidiary)
 - v. Rico Jinfei Wheels Limited (step down subsidiary)
 - vi. Uttarakhand Automotives Limited (amalgamated with the Company as per the order dated January 9, 2018)
 - vii. Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited)#
- # Joint venture till March 29, 2019.

A2. Foreign

- i. Rico Auto Industries Inc. (USA)
- ii. Rico Auto Industries (UK) Limited, UK

B. Other Related Parties (Entity in which KMP exercise significant influence)

- i. Kapsons Manufacturing and Services Private Limited (formerly Kapsons Associates Investments Private Limited)
- ii. Higain Investments Private Limited
- iii. Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)
- iv. ASN Properties Private Limited
- v. Rico Castings Limited
- vi. T.K. Precision Private Limited
- vii. Kapbros Engineering Industries Limited
- viii. Haridwar Estates Private Limited
- ix. Ishvara Manufacturing and Finvest Advisors Private Limited
- x. Meraki Manufacturing and Finvest Advisors Private Limited
- xi. AAK Manufacturing and Consultancy Private Limited

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

C. Key management personnel

- i) Shri Arvind Kapur - Chairman, CEO & Managing Director
- ii) Shri Arun Kapur - Joint Managing Director
- iii) Shri Rakesh Kapur - Non Executive Director
- iv) Smt. Upasna Kapur - Non Executive Director
- v) Shri Kanwal Monga - Independent Director
- vi) Shri Amarjit Chopra - Independent Director
- vii) Dr. Ashok Seth - Independent Director
- viii) Shri Satish Sekhri - Independent Director
- ix) Shri Rajeev Kapoor - Independent Director
- x) Shri Vinod Kumar Nagar - Independent Director
- xi) Shri Rakesh Kumar Sharma - Chief Financial Officer*
- xii) Shri B.M. Jhamb - Company Secretary*

* as per the Companies Act 2013

II. Transactions with related parties:

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Step down subsidiary/Subsidiary		
1. Rasa Autocom Limited		
Purchase of goods	65.92	25.08
Sale of goods	9.22	0.05
Sale of assets*	0.00	0.09
Interest expenses	—	11.88
Reimbursement of expenses	0.81	0.61
Rent paid	0.20	0.07
Interest Income	2.84	2.16
2. Rico Jinfei Wheels Limited		
Purchase of goods	7.00	5.06
Sale of goods	5.52	1.88
Sale of Dies	0.03	—
Job work expense	0.15	0.14
Loan received back	2.05	1.39
Recovery of Expenses	0.10	—
Interest Income	4.86	3.93
3. Rico Aluminium and Ferrous Auto Components Limited		
Purchase of goods	265.23	255.61
Sale of goods or materials	9.41	21.43
Sale of assets	0.06	—
Administration, finance, production support services	—	4.48
Rent income	8.41	8.98
Purchase of assets	0.41	3.21
Rent expense	0.41	0.49
Job work expenses	7.71	15.76
Recovery of expenses	63.54	51.33
Reimbursement of expenses	0.10	0.24
4. Rico Auto Industries Inc, USA		
Sale of goods	127.90	134.55
Reimbursement of expenses	0.80	0.74
5. Rico Auto Industries (UK) Limited, UK		
Sale of goods	70.61	78.59
Reimbursement of expenses	2.14	3.43

* Amounts have been rounded off to zero.

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

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
6. AAN Engineering Industries Limited		
Sale of services	0.86	—
Rent income	0.32	0.23
Loan given (net)	—	1.15
Recovery of expenses	0.28	0.75
Interest income	0.53	0.33
7. Rico Investments Limited		
Rent income	0.01	0.01
Interest on debentures	—	2.22
Dividend received	3.45	—
8. Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited)		
Sale of goods	5.94	5.20
Miscellaneous income	0.32	0.14
Dividend received	1.58	—
B. Entity in which directors are interested		
1. Rico Castings Limited		
Purchase of Goods	—	22.11
Sale of goods	18.33	13.48
Reimbursement of expense*	0.02	0.04
2. Kapbros Engineering Industries Limited		
Purchase of goods	73.31	30.22
Sale of goods	4.72	0.23
Purchase of assets	2.62	0.81
Job work expense	—	0.32
Recovery of expenses	1.38	0.86
3. Kapsons Manufacturing and Services Private Limited (formerly Kapsons Associates Investments Private Limited)		
Rent expense	1.27	0.67
Rent income	0.04	—
Job work expense	0.33	—
Reimbursement of expense	0.03	—
4. Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)		
Rent paid*	0.00	0.00
Purchase of goods	1.13	—
5. T.K. Precision Private Limited		
Purchase of goods	4.98	3.73
Recovery of expenses	—	0.01
6. Ishwara Manufacturing and Finvest Advisors Private Limited		
Rent expense	0.08	0.03
7. Haridwar Estates Private Limited		
Advance adjusted	—	9.72
Advance given	—	0.09
8. Key management personnel compensation**		
Shri Arvind Kapur	3.73	3.33
Shri Arun Kapur	0.65	1.02
Shri Rakesh Kumar Sharma	0.65	0.37
Shri B.M. Jhamb	0.43	0.40
Sitting fees and commission	0.98	0.94

* Amounts have been rounded off to zero.

** As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the comparative details. Gratuity and compensated absence are included based on actual payment in respective year based in the above table.

Note: The above transactions are in the ordinary course of business.

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

III. Balances with related parties:

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Step down subsidiary/Subsidiary		
1. Rasa Autocom Limited		
Balance payable	2.35	4.32
Loans	28.87	26.03
2. Rico Jinfei Wheels Limited		
Balance payable, net	0.60	0.63
Loans	49.06	46.23
3. Rico Aluminium and Ferrous Auto Components Limited		
Balance recoverable	14.77	2.31
4. Rico Auto Industries Inc, USA		
Balance recoverable	34.31	42.30
5. Rico Auto Industries (UK) Limited, UK		
Balance recoverable	12.81	25.28
6. AAN Engineering Industries Limited		
Balance recoverable	0.05	1.15
Loans	4.80	4.27
7. Rico Investments Limited		
Balance recoverable	—	0.01
8. Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited)		
Balance recoverable	0.98	—
B. Entity in which directors are interested		
1. Rico Castings Limited		
Balance recoverable, net	0.18	—
Balance payable, net	—	0.70
2. Kapbros Engineering Industries Limited		
Balance payable, net	3.48	0.11
3. Kapsons Manufacturing and Services Private Limited (formerly Kapsons Associates Investments Private Limited)		
Security Deposit	—	0.18
Balance payable, net	0.33	—
4. Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)		
Balance payable, net	1.13	0.00*
5. Haridwar Estates Private Limited		
Advance given	0.09	0.09
6. T.K. Precision Private Limited		
Balance payable	1.32	1.05
7. Ishvara Manufacturing and Finvest Advisors Private Limited		
Balance payable	0.02	0.03

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

44. The Company has opted to provide segment information in its consolidated financial statements in accordance with Ind AS 108 - Operating Segments; accordingly, disclosures are not made in the standalone financial statement.
45. In accordance with Accounting Standard 11 (under previous GAAP) "The effects of Changes in Foreign Exchange Rates", the Company had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. The Company has elected to continue with this accounting treatment as per option given in para D13AA of IND AS 101 (refer note 49 for details). Amount remaining to be amortized is as under:

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Un-amortised exchange differences		
— Property, plant and equipment	2.93	3.93
— FCMITDA	0.26	0.19

46. As per the transfer pricing norms applicable in India, the Company is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating the transfer pricing study for the current financial period. However, in the opinion of the management the same would not have a material impact on these financial statements.
47. Exceptional items for the current year and previous year include expenditure incurred pursuant to Voluntary Retirement Scheme of the Company amounting to ₹ 9.13 crores and ₹ 6.80 crores respectively.

48. Transition impact of IND AS 115:

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with effect from April 01, 2018 resulting in a change in the revenue recognition policy of the Company in relation to its contracts with customers (refer to note 2(A)(c) for new accounting policy). Ind AS 115 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance. It established a new five-step model that will apply to revenue arising from contracts with customers.

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

The Company's revenue disaggregated by geographical markets is as follows:

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
India	899.06	824.35
Rest of the world	296.83	268.85
Total	1,195.89	1,093.20

49. During the year, the Company, along with its step down subsidiary, Rasa Autocom Limited has completed the acquisition of 2,11,20,000 equity shares having a face value of ₹10/- each of its 50:50 Joint Venture Company namely Rico Fluidtronics Limited ('RFL') (formerly Magna Rico Powertrain Private Limited) from other Joint Venture Partner, Magna Powertrain GMBH at the rate of ₹4.05 per share for a total consideration of ₹8.55 crores. Post the completion of acquisition of above equity shares, RFL has now become a subsidiary of the Company and the Company, along with its step down subsidiary, Rasa Autocom Limited holds the entire share capital of RFL. The name of the company has subsequently changed to Rico Fluidtronics Limited ('RFL').
50. **Events after Balance sheet date**
- The Board of Directors have recommended a final dividend of ₹0.40 per share amounting to ₹5.41 crores on equity Shares of ₹1/- each for the year, subject to approval from shareholders. Dividend distribution tax on the same amounts to ₹1.10 crores.

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

51. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas of CSR activities are promoting education among children. The funds were primarily allocated and utilised for the activities that are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is ₹1.04 crores.

b) Amount spent during the year on:

(₹ in Crores)

	In cash	Yet to be paid in cash	Total
Year ended March 31, 2019			
Construction/acquisition of any asset	0.57	—	0.57
On purposes other than (i) above	0.47	—	0.47
Year ended March 31, 2018			
Construction/acquisition of any asset	0.28	—	0.28
On purposes other than (i) above	0.28	—	0.28

52. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Amendment to Ind AS 7 Statement of cash flows, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statement; accordingly, the reconciliation is not disclosed.

53. Revenue of the Company for the period ended March 31, 2019 is net of Goods and Service Tax (GST), which is applicable to the Company from July 01, 2017, however, revenue for the period up to June 30, 2017 is net of Value added taxes but gross of excise duty. Accordingly, revenue for the year ended March 31, 2019 is not comparable with the previous year presented in these financial statements.
54. Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.
55. The financial statement for the year ended March 31, 2019 were authorised and approved for issue by the board of directors on May 29, 2019.

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

Ashish Gupta
Partner
Membership No.: 504662

Place : Gurugram
Date : May 29, 2019

Rakesh Kumar Sharma
Chief Financial Officer

B.M. Jhamb
Company Secretary

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

Amarjit Chopra
Director
(DIN : 00043355)

Satish Sekhri
Director
(DIN : 00211478)

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2018-19

INDEPENDENT AUDITOR'S REPORT

To the Members of
Rico Auto Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

- We have audited the accompanying consolidated financial statements of Rico Auto Industries Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31st March, 2019, its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

- Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries which were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Accounting related to step acquisition of a joint venture</p> <p>As detailed in Note 50 to the consolidated financial statements, the Holding Company along with its step down subsidiary, RASA Autocom Limited has acquired remaining 50% of the equity share capital of its joint venture, Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited) ("Magna") from the other joint venture partner for a purchase consideration ₹8.55 crores.</p> <p>In accordance with IND AS 103 "Business Combinations":</p> <ol style="list-style-type: none"> The Group is required to recognise the identified assets and liabilities at fair value at the date of acquisition, with the excess/deficit of the acquisition cost over the identified fair value of recognised assets and liabilities as goodwill/bargain purchase. Further, in a business combination achieved in stages, the acquirer shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value, and recognise the resulting gain or loss, if any, in statement of profit or loss. 	<p>Our audit included, but were not limited to, the following procedures:</p> <ol style="list-style-type: none"> Obtained and reviewed relevant agreements related to the acquisition and evaluated management's process to determine fair value of net assets acquired/ equity shares of Magna; Obtained the valuation model from the management and reviewed their conclusions, including reading the report provided by an independent valuation expert engaged by the management; Assessed the professional competence, objectivity and capabilities of the third party expert considered by the management for performing the required valuations (including for plant and equipment) to estimate the fair values of net assets acquired/ equity shares; Tested the inputs used in the Model by examining the underlying data and validating the future projections including discussions with management relating to these projections; Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied engaging auditor's valuation specialists. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts, where appropriate;

Key audit matter	How our audit addressed the key audit matter
<p>The management has determined the fair value of net assets and re-measurement of previously held interest using discounted cash flow model with the help of independent valuation expert. Such valuation involves use of key inputs and assumptions including discount rate and long-term growth rate.</p> <p>Determination of fair value of net assets acquired, including intangible assets, and calculation of fair value for the purpose of re-measuring the previously held equity interest requires significant management's estimates and judgements. Accordingly, accounting related to the above mentioned business combination is determined to be a key audit matter in the current year audit.</p>	<p>f. Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management;</p> <p>g. Tested the calculation of the gain on bargain purchase arose from the acquisition, being the difference between the total net consideration paid and the fair value of the net assets acquired; and</p> <p>h. Assessed and corroborated the adequacy and appropriateness of the disclosures made in the accompanying consolidated financial statements in accordance with applicable accounting standards.</p>

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

6. 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 auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design,

implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

- 8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
- 9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

- 10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
- 11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group have 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's 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.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹315.29 crores and net assets of ₹222.98 crores as at 31st March, 2019, total revenues of ₹352.95 crores and net cash inflows amounting to ₹19.74 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of

₹3.16 crores for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of one joint venture (refer note 50), whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, of these subsidiaries, one subsidiary, is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company and its subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies, covered under the Act, are disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
 - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 36 to the consolidated financial statements;
 - ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 33 to the consolidated financial statements.
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies during the year ended 31st March, 2019; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December, 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

Ashish Gupta

Place : Gurugram
Date : May 29, 2019

Partner
Membership No.: 504662

Annexure A

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 1. In conjunction with our audit of the consolidated financial statements of Rico Auto Industries Limited ('the Holding Company') and its subsidiaries (the Holding Company and its

subsidiaries together referred to as 'the Group'), as at and for the year ended 31st March, 2019 we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

- 2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the 'Guidance Note') issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

- 3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
- 4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- 5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

- 6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at

31st March, 2019, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control in the Guidance Note issued by ICAI.

Other Matter

9. We did not audit the IFCoFR in so far as it relates to three subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹259.48 crores and net assets of ₹169.95 crores as at 31st March, 2019, total revenues of ₹251.68 crores and net cash inflows amounting to ₹20.45 crores for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandio & Co LLP

Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

Place : Gurugram
Date : May 29, 2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Crores)

	Notes	As at March 31, 2019	As at March 31, 2018
I. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, plant and equipment	5	603.29	451.86
(b) Capital work-in-progress	5	80.04	63.12
(c) Other intangible assets	5	2.06	0.21
(d) Investment accounted for using equity method	6	—	23.20
(e) Financial assets			
(i) Loans	7	76.48	65.45
(ii) Other financial assets	8	3.82	0.16
(f) Deferred tax assets	31B1	9.52	8.57
(g) Other non-current assets	9	18.10	23.53
Total non-current assets		793.31	636.10
2. CURRENT ASSETS			
(a) Inventories	10	161.15	128.93
(b) Financial assets			
(i) Investments	6	—	2.66
(ii) Trade receivables	11	271.84	228.62
(iii) Cash and cash equivalents	12	24.89	8.68
(iv) Bank balances other than (iii) above	13	2.34	2.90
(v) Loans	7	6.41	10.26
(vi) Other financial assets	8	9.35	6.80
(c) Other current assets	9	57.58	52.70
Total current assets		533.56	441.55
Total assets		1,326.87	1,077.65
II. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity share capital	14	13.53	13.53
(b) Other equity	15	602.47	549.72
		616.00	563.25
(c) Non-controlling interests		3.87	3.36
Total equity		619.87	566.61
2. NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	16	164.81	63.12
(b) Provisions	18	22.51	19.90
(c) Deferred tax liabilities (net)	31B2	16.96	11.82
(d) Other non-current liabilities	19	3.47	3.48
Total non-current liabilities		207.75	98.32
3. CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	16	161.52	135.03
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	20	34.55	22.87
b) Total outstanding dues of creditors other than micro and small enterprises	20	159.92	135.14
(iii) Other financial liabilities	17	98.14	100.29
(b) Other current liabilities	19	43.59	16.46
(c) Provisions	18	0.81	0.41
(d) Current tax liabilities (net)	21	0.72	2.52
Total current liabilities		499.26	412.72
Total equity and liabilities		1,326.87	1,077.65

Summary of significant accounting policies and other explanatory information (1 to 55)
This is the Consolidated Balance Sheet referred to in our report of even date.

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

Ashish Gupta
Partner
Membership No.: 504662

Place : Gurugram
Date : May 29, 2019

Rakesh Kumar Sharma
Chief Financial Officer

B.M. Jhamb
Company Secretary

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

Amarjit Chopra
Director
(DIN : 00043355)

Satish Sekhri
Director
(DIN : 00211478)

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

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

(₹ in Crores)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE			
Revenue from operations	22	1,392.65	1,229.63
Other income	23	19.41	16.16
Total revenue		1,412.06	1,245.79
EXPENSES:			
(a) Cost of material consumed	24	768.97	615.26
(b) Changes in inventories of finished goods, stock-in-trade and work in progress	25	(24.04)	8.73
(c) Excise duty		—	20.32
(d) Other manufacturing expenses	26	253.33	231.72
(e) Employee benefits expense	27	152.91	145.64
(f) Finance costs	28	26.79	18.74
(g) Depreciation and amortisation expense	5	57.70	53.90
(h) Other expenses	29	97.83	76.84
Total expenses		1,333.49	1,171.15
Profit before share of profit of joint venture, exceptional items and tax		78.57	74.64
Share of profit of joint venture		3.16	2.90
Profit before exceptional items and tax		81.73	77.54
Exceptional items	30	9.60	7.43
Profit before tax		72.13	70.11
Tax expenses	31		
Current tax		16.92	16.06
Deferred tax Expense/(Credit)		4.18	(3.95)
Income tax expense		21.10	12.11
Profit after tax		51.03	58.00
Other comprehensive income			
A. Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit obligations		0.69	(0.53)
Share of other comprehensive income in Joint venture*		0.00	0.06
Income tax expense		(0.24)	0.14
B. Items that will be reclassified to profit and loss			
Exchange differences on translation of foreign operations		0.45	0.90
Net other comprehensive income for the year		0.90	0.57
Total comprehensive income for the year		51.93	58.57
Net profit attributable to:			
Owners of the Company		50.52	57.80
Non controlling interest		0.51	0.20
Other comprehensive income attributable to:			
Owners of the Company		0.90	0.57
Non controlling interest*		—	—
Total comprehensive income attributable to:			
Owners of the Company		51.42	58.37
Non controlling interest		0.51	0.20
Earnings per share			
Basic and Diluted (nominal value per share ₹1/-)	32	3.73	4.27

* Amounts have been rounded off to zero.

Summary of significant accounting policies and other explanatory information (1 to 55)

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

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

Ashish Gupta
Partner
Membership No.: 504662

Place : Gurugram
Date : May 29, 2019

Rakesh Kumar Sharma
Chief Financial Officer

B.M. Jhamb
Company Secretary

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

Amarjit Chopra
Director
(DIN : 00043355)

Satish Sekhri
Director
(DIN : 00211478)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019
A. Equity share capital

(₹ in Crores)

	No. of shares	Amount
Balance as at March 31, 2017	13,52,85,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2018	13,52,85,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2019	13,52,85,000	13.53

B. Other equity

(₹ in Crores)

	Other equity pertaining to owners of the parent company								
	Capital reserve*	Capital redemption reserve	Securities premium reserve	Foreign currency monetary item translation difference account (FCMITDA)	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling Interest
Balance as at March 31, 2017	0.00	2.00	145.04	0.38	99.70	0.53	262.53	510.18	3.16
Net profit for the year	—	—	—	—	—	—	57.80	57.80	0.20
Other comprehensive income for the year (net of taxes)	—	—	—	—	—	0.90	(0.33)	0.57	—
Total comprehensive income for the year	—	—	—	—	—	0.90	57.46	58.36	0.20
Dividend on equity shares	—	—	—	—	—	—	(10.15)	(10.15)	—
Tax on dividend	—	—	—	—	—	—	(2.07)	(2.07)	—
Interim dividend on equity shares	—	—	—	—	—	—	(5.41)	(5.41)	—
Tax on interim dividend	—	—	—	—	—	—	(1.10)	(1.10)	—
Exchange difference accumulated during the year	—	—	—	0.68	—	—	—	0.68	—
Exchange difference amortised during the year	—	—	—	(0.77)	—	—	—	(0.77)	—
Balance as at March 31, 2018	0.00	2.00	145.04	0.29	99.70	1.43	301.26	549.72	3.36
Net profit for the year	—	—	—	—	—	—	50.52	50.52	0.51
Other comprehensive income for the year (net of taxes)*	—	—	—	—	—	0.45	0.45	0.90	—
Gain on acquisition of control over joint venture**	14.29	—	—	—	—	—	—	14.29	—
Total comprehensive income for the year	—	—	—	—	—	0.45	50.97	65.71	0.51
Dividend on equity shares	—	—	—	—	—	—	(5.41)	(5.41)	—
Tax on dividend	—	—	—	—	—	—	(1.10)	(1.10)	—
Interim dividend on equity shares	—	—	—	—	—	—	(5.41)	(5.41)	—
Tax on interim dividend	—	—	—	—	—	—	(1.10)	(1.10)	—
Exchange difference accumulated during the year	—	—	—	0.69	—	—	—	0.69	—
Exchange difference amortised during the year	—	—	—	(0.63)	—	—	—	(0.63)	—
Balance as at March 31, 2019	14.29	2.00	145.04	0.35	99.70	1.88	339.22	602.47	3.87

* Amounts have been rounded off to zero

** refer note 50

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

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

Ashish Gupta
 Partner
 Membership No.: 504662

 Place : Gurugram
 Date : May 29, 2019

Rakesh Kumar Sharma
 Chief Financial Officer

B.M. Jhamb
 Company Secretary

 For and on behalf of the Board of Directors of
Rico Auto Industries Limited
Amarjit Chopra
 Director
 (DIN : 00043355)

Satish Sekhri
 Director
 (DIN : 00211478)

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

	Year ended March 31, 2019	Year ended March 31, 2018
(₹ in Crores)		
A. Cash flow from operating activities		
Net profit before tax and Minority Interest	72.13	70.11
Adjustments for:		
Depreciation and amortisation	57.70	53.90
Gain on mark to market valuation of mutual funds	—	(0.22)
Provision for doubtful debts	0.46	—
Gain on acquisition of control over Joint venture	(2.24)	—
Profit from joint venture, Magna Rico	(3.16)	(2.90)
Profit on sale of assets	(0.60)	(0.44)
Finance cost	26.79	18.74
Mark to market (gain)/ loss on derivatives	(0.56)	0.32
Unrealised exchange gain or loss, net	1.61	(3.41)
Unwinding of deferred revenue	(0.11)	0.06
Interest income	(7.38)	(8.15)
Operating profit before working capital changes	144.64	127.89
Adjustments for:		
(Increase) in trade receivables	(26.78)	(60.11)
(Increase)/ Decrease in loans and other financial assets	(8.70)	7.34
(Increase)/ Decrease in other assets	(4.37)	8.82
(Increase) in inventories	(28.88)	(18.57)
Increase in trade payables	22.26	29.09
Increase in other financial liabilities	17.38	3.38
Increase in other liabilities and provisions	27.94	4.32
	143.49	102.15
Less: Direct taxes paid (net of refunds)	(15.50)	(16.53)
Net cash generated from operating activities	127.99	85.62
B. Cash flow from investing activities		
Purchase of property, plant and equipment/ addition to capital work in progress (including capital advances)	(209.70)	(93.64)
Proceeds from sale of property plant and equipment	0.92	2.35
Acquisition of control over joint venture (refer note 50)	14.50	—
Maturity of fixed deposits	(0.19)	0.41
Sale of investments	2.66	4.12
Interest received	10.91	7.82
Net cash used in investing activities	(180.90)	(78.94)
C. Cash flow from financing activities		
Proceeds from non current borrowings	123.65	69.29
Repayment of non current borrowings	(43.25)	(53.94)
Proceeds from current borrowings, net	26.49	20.52
Dividend paid (including corporate dividend tax)	(13.02)	(18.73)
Interest paid	(25.20)	(18.22)
Net cash generated/(used in) from financing activities	68.67	(1.08)
Net increase in cash and cash equivalents	15.76	5.61
Effect of foreign currency fluctuation arising out of consolidation	0.45	0.91
Cash and cash equivalents at the beginning of the year	8.68	2.16
Cash and cash equivalents at the close of the year	24.89	8.68

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

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

Ashish Gupta
Partner
Membership No.: 504662

Place : Gurugram
Date : May 29, 2019

Rakesh Kumar Sharma
Chief Financial Officer

B.M. Jhamb
Company Secretary

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

Amarjit Chopra
Director
(DIN : 00043355)

Satish Sekhri
Director
(DIN : 00211478)

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

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

1. CORPORATE INFORMATION

Rico Auto Industries Limited (the "Company") the ultimate holding Company with its subsidiaries (together referred to as the "Group") supplies a broad range of high-precision fully machined aluminum and ferrous components and assemblies to Original Equipment Manufacturers across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and research and development across aluminium and ferrous products. The Group is in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

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

i) Ind AS 116

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

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

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

Ind AS 12 provides the recognition and measurement principles for current and deferred tax assets and liabilities.

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

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

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

3. BASIS OF PREPARATION, CONSOLIDATION PROCEDURES AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation and presentation

i) Compliance with Ind AS

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

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

ii) Functional and presentation currency:

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency.

iii) Going concern and basis of measurement

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

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

3.2 Basis of consolidation

• Subsidiary

Subsidiary is the entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary company are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group combines the financial statements of the holding company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses.

• Equity accounted investees

The Group's interests in equity accounted investees comprise interests in joint venture.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income (OCI) of equity-accounted investees until the date on which significant influence or joint control ceases.

• Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Significant accounting policies

i) Revenue recognition

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

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

Sale of goods

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

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

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

Interest income

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Rental income

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

Dividend income

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

ii) **Government grants, subsidies and export incentives**

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

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

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

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

iii) **Property, plant and equipment**

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

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

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

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

iv) **Intangible assets**

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

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

v) **Depreciation and amortisation**

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

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

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

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

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

vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

a) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) debt investment;
- Fair value through other comprehensive income (FVOCI) equity investment; or
- Fair value through profit and loss (FVTPL)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

De-recognition of financial assets

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

Investments in equity instruments of subsidiaries and joint ventures - Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

vii) Derivative financial instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts, cross currency swaps and interest rate swaps to mitigate the risk of changes in exchange rates on foreign currency exposures.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss. Subsequent to initial recognition, the derivatives are measured at fair value through statement of profit and loss and the resulting exchange gains or losses are included in Statement of profit and loss under the head "other income" or "other expenses" as the case may be.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Inventories are valued as follows:

Raw materials, stores and spares

Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work in progress

Work in progress is valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity and actual stage of production.

Finished goods

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

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

ix) **Business Combination**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities that are required to be measured as per the applicable standard. Purchase consideration in excess of the Group's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the Capital Reserve.

Common control: A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised through shareholders' equity.

x) **Employee benefits:**

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

a. **Provident fund and Employee State Insurance scheme**

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

b. **Gratuity**

Gratuity is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. Gratuity Fund is administered through Life Insurance Corporation of India. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

c. **Compensated absences**

The Group also provides benefit of compensated absences to its employees which are in the nature of long term benefit plan. The compensated absences comprises of vesting as well as non-vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of Profit and Loss in the year in which such gains or losses arise. Leave encashment fund is administered through Life Insurance Corporation of India and IndiaFirst Life Insurance Group Limited.

xii) Research and development expenses:

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Development expenditure that does not meet any of the aforementioned conditions is recognised in the Statement of Profit or loss as an expense as incurred.

Property, plant and equipment used for research and development are depreciated in accordance with the Group's policy on property, plant and equipment as stated above.

xiii) Borrowings costs:

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

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

xiii) Foreign currency transactions:

Initial recognition

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

Subsequent recognition

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

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

Exchange differences

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

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

Exchange difference arising on long term foreign currency monetary items not related to the acquisition of depreciable capital assets are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised through the Statement of Profit and Loss over the remaining term of the loan.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

xiv) Taxation

Tax expense recognised in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognised in other comprehensive income or directly in equity.

Current tax is the amount of tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss (either in other comprehensive income or in equity). The current tax is calculated using the tax rate that have been enacted or subsequently enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

xv) Leases

The Group as a leasee

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

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

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

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

The Group as a lessor

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

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

xvi) Provisions and contingencies

The Group creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xvii) Earnings per share

Basic earnings per share is calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

xviii) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

xix) Cash and cash equivalents

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

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

xx) Rounding off amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest crores (upto two decimal places) as per the requirements of Schedule III of the Act unless otherwise stated.

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- reasonability of deferred tax assets;
- provision and contingent liabilities;
- carrying values of inventories; and
- functional currency assessment.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

5. PROPERTY PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND CAPITAL WORK-IN-PROGRESS

A. Property, plant and equipment

Particulars	Gross block						Accumulated depreciation		Net block		
	As at April 01, 2018	Additions during the year	Acquisition of control over Joint venture*	Disposals during the year	Exchange differences	As at March 31, 2019	As at April 01, 2018	Charge for the year	Adjustment upon deletion	As at March 31, 2019	As at March 31, 2018
Land											
(a) Freehold	36.33	0.73	—	—	—	37.06	—	—	—	37.06	36.33
(b) Leasehold	19.53	—	0.13	—	—	19.66	0.38	0.20	—	19.08	19.15
Buildings	107.60	39.13	—	—	—	146.73	7.60	4.13	—	134.99	100.00
Furniture and fixtures	1.75	1.76	0.08	0.01	—	3.58	0.29	0.44	0.00	2.85	1.46
Plant and machinery	340.64	130.03	13.46	1.93	(0.35)	481.85	75.21	40.76	2.03	367.91	265.44
Dies and moulds	26.78	18.29	0.05	5.69	—	39.43	8.90	7.01	5.69	29.21	17.88
Vehicles	13.33	3.63	—	1.83	—	15.13	5.13	3.23	1.52	8.29	8.19
Office equipment	4.97	2.27	0.25	0.70	—	6.79	1.57	1.93	0.60	3.90	3.41
Total Property plant and equipment	550.93	195.84	13.97	10.16	(0.35)	750.23	99.08	57.70	9.84	603.29	451.86

B. Intangible assets

Particulars	Gross block				Accumulated depreciation		Net block				
	As at April 01, 2018	Additions during the year	Acquisition of control over Joint venture*	Disposals during the year	Exchange differences	As at March 31, 2019	As at April 01, 2018	Charge for the year	Adjustment upon deletion	As at March 31, 2019	As at March 31, 2018
Customer relations	—	—	1.50	—	—	1.50	—	—	—	1.50	—
Software	0.31	—	0.56	0.31	—	0.56	0.10	—	0.10	0.56	0.21
Total Intangible Assets	0.31	—	2.06	0.31	—	2.06	0.10	—	0.10	2.06	0.21

C. Capital Work in progress

	Amount
Capital work-in-progress as at March 31, 2019	80.04
Capital work-in-progress as at March 31, 2018	63.12

D. Borrowing costs capitalized/transferred to capital work in progress during the year is ₹1.73 crores (Previous year ₹1.47 crores) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year, in this case 6.81% (Previous year: 7.20%).

* refer note 50

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
6. INVESTMENTS		
Non-current		
A. Investments accounted for using equity method		
Investment in joint venture (carrying amount determined using equity method of accounting) - unquoted		
Rico Fluidtronics Limited (Formally known as Magna Rico Powertrain Private Limited) refer note 50	—	23.20
	—	23.20
Current		
B. Investment carried at fair value through profit and loss (FVTPL)-quoted		
Investment in mutual fund		
Nil (previous year: 1,983,832 units at ₹13.399 per unit) units of BOI AXA Corporate Credit Spectrum Fund- Direct growth	—	2.66
	—	2.66
Aggregate amount of un-quoted investment at cost (non-current)	—	23.20
Aggregate amount of quoted investment at Cost (Current)	—	2.00
Aggregate amount of quoted investment at fair value (current)	—	2.66
7. LOANS		
(Unsecured, considered good)		
Non-current		
Loans to related parties (refer note 42)	70.72	60.41
Security deposits	5.76	5.04
	76.48	65.45
Current		
Inter corporate deposits*	—	3.77
Security deposits	4.91	5.15
Loans to employees	1.50	1.34
	6.41	10.26
*Given for business purpose.		
8. OTHER FINANCIAL ASSETS		
(Unsecured, considered good)		
Non-current		
Loans to employees	3.82	0.02
Bank deposits with maturity of more than 12 months	—	0.14
	3.82	0.16
Current		
Unbilled revenue	0.49	3.67
Insurance claim receivable	0.16	0.95
Derivative asset measured at fair value (refer note 33)	0.56	—
Recoverable from LIC	3.25	0.37
Recoverable from electricity board	2.77	—
Others	2.12	1.81
	9.35	6.80
9. OTHER ASSETS		
(Unsecured, considered good)		
Non-current		
Capital advances	12.74	15.07
Income tax receivable	4.73	8.26
Prepaid expenses	0.63	0.20
	18.10	23.53

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Current		
Advance to suppliers (Includes advances to related parties: ₹nil, March 31, 2018 : ₹8.0 Crores, refer note 42)	16.00	17.46
Prepaid expenses	5.61	4.37
Balance with statutory/government authorities	24.74	16.74
Export incentive receivable	5.31	5.69
Others	5.93	8.44
	<u>57.58</u>	<u>52.70</u>
10. INVENTORIES (valued at lower of cost or net realizable value)		
Raw material and components	27.75	29.85
Goods-in-transit (components)	23.50	26.14
Work-in-progress	12.25	12.43
Finished goods	50.37	25.39
Stores and spares	47.28	35.12
	<u>161.15</u>	<u>128.93</u>
11. TRADE RECEIVABLES		
Unsecured, considered good	271.84	228.62
Unsecured, considered doubtful	0.46	—
	<u>272.30</u>	<u>228.62</u>
Less : loss allowance	(0.46)	—
	<u>271.84</u>	<u>228.62</u>
12. CASH AND CASH EQUIVALENTS		
Balances with banks		
In current accounts	5.18	7.29
Cheques in hand	—	1.16
Cash on hand	0.12	0.23
Deposits with original maturity less than 3 months	19.59	—
	<u>24.89</u>	<u>8.68</u>
13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Unpaid dividend accounts**	1.40	1.29
Bank deposits with maturity of more than 3 months and less than 12 months*	0.94	1.61
	<u>2.34</u>	<u>2.90</u>

* Pledged with bank for issuing letter of credit.

** These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividend in note 17.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
14. EQUITY SHARE CAPITAL		
a) Authorised		
490,000,000 equity shares of ₹1/- each (March 31, 2018: 490,000,000 equity shares of ₹1/- each)	49.00	49.00
5,000,000 redeemable preference shares of ₹10/- each (March 31, 2018: 5,000,000 redeemable preference shares of ₹10/- each)	5.00	5.00
	<u>54.00</u>	<u>54.00</u>
b) Issued, subscribed and paid-up		
135,285,000 equity shares of ₹1/- each fully paid up (March 31, 2018: 135,285,000 equity shares of ₹1/- each)	13.53	13.53
	<u>13.53</u>	<u>13.53</u>

c) Reconciliation of number of equity shares outstanding

	Year ended March 31, 2019		Year ended March 31, 2018	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	13.53	13,52,85,000	13.53	13,52,85,000
Movement during the year	—	—	—	—
Outstanding at the end of the year	<u>13.53</u>	<u>13,52,85,000</u>	<u>13.53</u>	<u>13,52,85,000</u>

d) Description of the rights, preferences and restrictions attached to each class of shares

Equity Shares: The Company has only one class of equity shares having a face value of ₹1/- per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India Limited and BSE Limited.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholders	As at March 31, 2019		As at March 31, 2018	
	% of holding	No. of shares	% of holding	No. of shares
Kapsons Manufacturing and Services Private Limited (formerly Kapsons Associates Investment Private Limited)	15.40	2,08,38,321	15.40	2,08,38,321
Arvind Kapur	9.37	1,26,74,960	9.35	1,26,52,460
Arun Kapur	6.44	87,08,416	6.39	86,51,160
Meraki Manufacturing and Finvest Advisors Private Limited	8.72	1,17,90,841	8.72	1,17,90,841
Higain Investments Private Limited	5.60	75,70,628	5.60	75,70,628

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

f) The Company has not issued bonus shares, equity shares issued for considerations other than cash and also no shares has been bought back during the period of five years immediately preceding the reporting period.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
15. OTHER EQUITY		
Capital reserve	14.29	0.00
Capital redemption reserve	2.00	2.00
Securities premium	145.04	145.04
Foreign currency monetary item translation difference	0.35	0.29
Foreign currency translation reserve	1.88	1.43
General reserve	99.70	99.70
Retained earnings	339.22	301.26
	<u>602.47</u>	<u>549.72</u>
Reconciliation of reserves		
Capital reserve		
Opening balance*	0.00	0.00
Add : Additions during the year (refer note 50)	14.29	—
Less : Utilized/ transferred during the year	—	—
Closing balance	<u>14.29</u>	<u>0.00</u>
Capital redemption reserve		
Opening balance	2.00	2.00
Add : Additions during the year	—	—
Less : Utilized/transferred during the year	—	—
Closing balance	<u>2.00</u>	<u>2.00</u>
Securities premium		
Opening balance	145.04	145.04
Add : Additions during the year	—	—
Less : Utilized/transferred during the year	—	—
Closing balance	<u>145.04</u>	<u>145.04</u>
Foreign currency monetary item translation difference		
Opening balance	0.29	0.38
Add : Exchange differences accumulated during the year	0.69	0.68
Less : Exchange differences amortised during the year	(0.63)	(0.77)
Closing balance	<u>0.35</u>	<u>0.29</u>
Foreign currency translation reserve		
Opening balance	1.43	0.53
Movement during the year	0.45	0.90
Closing balance	<u>1.88</u>	<u>1.43</u>
General reserve		
Opening balance	99.70	99.70
Add: Transferred from Statement of profit and loss	—	—
Closing balance	<u>99.70</u>	<u>99.70</u>
Surplus in profit and loss account		
Opening balance	301.26	262.53
Add : Profit transferred from Statement of profit and loss	50.52	57.80
Add : Other comprehensive income	0.45	(0.33)
Less : Final dividend on equity shares**	(5.41)	(10.15)
Less : Corporate dividend tax on above**	(1.10)	(2.07)
Less : Interim dividend on equity shares***	(5.41)	(5.41)
Less : Corporate dividend tax on above***	(1.10)	(1.10)
Net surplus as per statement of Profit and Loss	<u>339.22</u>	<u>301.26</u>

* Amounts have been rounded off to zero.

** pertains to year ended March 31, 2018.

*** During the year ended March 31, 2019, the Company has declared a interim dividend of ₹5.41 crores (₹0.40 per equity share of ₹1/- each) at their Board meeting held on February 11, 2019, the corporate dividend tax on the same amounts to ₹1.10 crores.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Description of Reserves

a. Capital Reserve

The same has been created in accordance with provision of the Act and is not available for distribution to owners. Additions (net of taxes) have been made on account of acquisition of control over Joint venture. (refer note 50)

b. Capital redemption reserve

The same has been created on redemption of share capital and shall be utilized in accordance with provision of the Act.

c. Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilized in accordance with provisions of the Act.

d. Foreign currency monetary item translation difference

Exchange differences arising on long term foreign currency monetary items (long term loans) are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining term of the loan.

e. General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purpose.

f. Foreign currency translation reserve

Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at date of the balance sheet. Revenue and expenses are translated into INR at the average exchange rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to currency translation reserve account.

g. Surplus in profit and loss account

Surplus in profit and loss account represents the accumulation of profits or losses of the Group, as adjusted for distribution to owners, transfer to other reserve, etc.

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
16. BORROWINGS		
Non-current (Secured)*		
Term loan		
From banks		
Foreign currency loans	77.92	68.79
Rupee loans	135.39	64.04
Vehicle loans		
From financial institution	3.99	3.71
From banks	—	0.36
	<u>217.30</u>	136.90
Less: Current maturities of non-current borrowings (refer note 17)	<u>52.49</u>	73.78
	164.81	63.12
Current (Secured)**		
Working capital loans from banks:		
Foreign currency loans	2.95	25.59
Rupee loans	158.57	109.44
	<u>161.52</u>	135.03

* Refer note A below for security details and terms of repayment for non-current borrowings.

** Refer note B below for security details and terms of repayment for current borrowings.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

A. Security details- non-current secured loans

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
1. Foreign currency term loan from Yes Bank Limited carries interest @ 3 months Libor+ 3.75% per annum (previous year 3 months Libor+ 3.75% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	5.93	13.03
2. Foreign currency term loan from Yes Bank Limited carries interest @ 6 months Libor+ 3.85 % per annum (previous year 6 months Libor+ 3.85% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	1.11	2.44
3. Foreign currency term loan from Kotak Mahindra Bank Limited carries interest @ 6 months Libor+ 3.50 % per annum (previous year 6 months Libor+ 3.50% to 3.85% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the certain immovable properties of the Company situated at Dharuhera and Gurugram.	7.78	12.22
4. The Company has taken a term loan along with cross currency swap (INR to Euro) from RBL Bank Limited. The loan carries fixed interest rate at 2.80% per annum on euro notional and is repayable in 18 equal quarterly instalments after moratorium of 6 quarters starting June, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	36.90	—
5. Foreign currency term loan from RBL Bank Limited carries interest @ 3 months Libor+ 3.85% per annum (previous year 3 months Libor+ 3.85% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	2.52	12.55
6. Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.70% to 10.05% per annum (previous year 9.55% to 9.75% per annum) and is repayable in 3 equal quarterly instalments starting December, 2018. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	6.58	19.98
7. Rupee term loan from RBL Bank Limited carries interest @ 9.70% to 10.50% per annum (previous year 9.70% to 10.00 % per annum) and is repayable in 14 equal quarterly instalments starting June, 2017. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	2.14	3.57
8. Rupee term loan from Yes Bank Limited carries interest @ 9.05 % to 10.20% per annum (previous year 9.05% per annum) and is repayable in 16 equal quarterly instalments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	47.13	30.00

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
9. The Company has taken term loan along with a interest rate swap (INR to Euro) from Indusind Bank Limited . The loan carries fixed interest rate at 4.50% per annum on Euro notional and is repayable in 12 equal quarterly installments starting November, 2018. The Term Loan is secured by exclusive charge on immovable properties (land & building) of the Company situated at Chennai and machinery imported under this facility.	13.61	—
10. The Company has taken term loan along with a principal only swap (INR to Euro) from Kotak Mahindra Bank Limited. The loan carries interest @ 9.40% per annum and is repayable in 16 equal quarterly installments after moratorium of 6 quarters starting December, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	13.86	—
11. Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.35% to 9.45% per annum and is repayable in 16 equal quarterly installments after moratorium of 12 quarters starting December, 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	1.77	—
12. Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.50% to 9.60% per annum and is repayable in 16 equal quarterly installments after moratorium of 12 quarters starting December, 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	30.09	—
13. Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 35-60 carrying interest @ 8.15% per annum to 11.05% per annum (Previous year 8.15% per annum to 11.05% per annum).	3.78	3.65
14. Buyer's credit facility from State Bank of India (earlier State Bank of Patiala) is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable at 12 months carrying interest @ Libor + 0.35% to 1.25% per annum(Previous year Libor + 0.35% to 1.25% per annum). The loan has been fully repaid on February 1, 2019.	—	7.35
15. Buyer's credit facility from Indusind Bank Limited (taken over from Axis Bank Limited) are secured by exclusive charge on immovable properties (land & building) of the Company situated at Chennai and machinery imported under this facility and are repayable at 12 months carrying interest @ Libor + 0.20% to 0.45% per annum (Previous year Libor + 0.20% to 0.45% per annum). The loan has been fully repaid on December 21, 2018.	—	18.62
16. Buyer's credit facility from Yes Bank Limited is secured under working capital security ie First pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future) and by exclusive charge on the machinery imported availing the said facility and are repayable at 12 months carrying interest @ Libor + 0.50% per annum (Previous year Libor + 0.50% per annum). The loan has been fully repaid on August 30, 2018.	—	2.58
17. Supplier's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable at one year, two year and three year carrying interest @ Euribor + 0.35% to 0.50% per annum	16.70	—
18. Reimbursement authorization facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the	7.02	—

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable after 3 years carrying interest @ Euribor + 0.78% per annum.		
19. Rupee term loan from RBL Bank Limited, carries Interest @ 9.30% p.a and is repayable in 14 equal quarterly installments after moratorium of 2 quarters. Loan is secured against entire fixed assets present and future of the subsidiary Company namely Rico Aluminium and Ferrous Auto Components Limited and Letter of comfort issued by Rico Auto Industries Limited.	7.49	10.49
20. Rupee term loan from Bajaj Finance Limited carries interest @ 9.00% to 9.40% per annum and is repayable in 22 equal quarterly instalments starting March 2020. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land and building of the company situated at Plot No.22, sector 5, Phase II, Growth Centre, Bawal, Haryana. Further also secured by Letter of Comfort from Rico Auto Industries Limited.	10.00	—
21. Rupee term loan from RBL Bank Limited carries interest @ 9.65% per annum and is repayable in 16 equal quarterly instalments starting October 19. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land and building of the Company situated at Plot No.22, sector 5, Phase II, Growth Centre, Bawal, Haryana and second pari passu charge over entire current assets of the Company, present and future. Further also secured by Letter of Comfort from Rico Auto Industries Limited.	2.89	—
22. Vehicle Loans are secured by hypothecation of vehicles financed and are payable in equal 60 Monthly instalment carrying interest @ 8.15% p.a. to 8.30% p.a.	—	0.42
	217.30	136.90
B. Security details		
Current secured		
1. Working capital loans/facilities are secured against first pari passu charge on all the current assets of the Company including all types of stocks and book debts/receivables (both present and future) carrying interest rate ranging from 9.05% to 10.55%.	142.62	102.12
2. Packing credit facility from Kotak Mahindra Bank Limited is secured against first pari passu charge on all the current assets of the Company (both present and future) carrying interest rate ranging from 3.65% to 4.15%.	—	20.73
3. Packing credit facility from Yes Bank Limited is secured against first pari passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock in process, finished goods, stores, consumables and receivables carrying interest rate rating from 3.40% to 3.95%.	—	4.86
4. Cash credit facility of ₹3 crores is obtained from RBL Bank is secured against entire current assets, both present and future and Letter of Comfort issued by Rico Auto Industries Limited, loan carrying interest rate ranging from 9.30% to 9.70%.	2.94	2.81
5. Working capital loans / facilities from RBL bank Limited is secured against first pari passu charge over entire current assets of the Company, present and future and second pari passu charge (unless specifically charged) over entire fixed assets of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land and building of the Company situated at Plot No.22, sector 5, Phase II, Growth Centre, Bawal, Haryana, further also secured by Letter of Comfort from Rico Auto Industries Limited, loan carrying interest rate ranging from 9.30% to 9.75%.	5.99	4.51
6. Working capital loans / facilities from Bajaj Finance Limited is against triparty agreement between Bajaj Auto Limited, Bajaj Finance Limited and the Company. The loan is secured by Letter of Comfort from Rico Auto Industries Limited, loan carrying interest rate ranging from 8.65% to 9.10%.	9.97	—
	161.52	135.03

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
17. OTHER FINANCIAL LIABILITIES		
Current		
Current maturities of long-term debts (refer note 16 for security and repayment details)		
Secured		
Foreign currency loans	40.12	53.02
Rupee loans	12.37	20.76
Derivative liability measured at fair value (refer note 32)	—	0.32
Interest accrued but not due on borrowings	2.28	0.68
Unclaimed dividends	1.33	1.29
Security deposit	2.47	1.70
Payable for capital purchases	23.86	5.17
Employee benefit payable	14.04	17.32
Other liabilities	1.67	0.03
	<u>98.14</u>	<u>100.29</u>
18. PROVISIONS		
Non current		
Provision for gratuity (refer note 39)	16.18	15.76
Provision for compensated absences	6.33	4.14
	<u>22.51</u>	<u>19.90</u>
Current		
Provision for gratuity	0.63	0.27
Provision for compensated absences	0.18	0.14
	<u>0.81</u>	<u>0.41</u>
19. OTHER LIABILITIES		
Non current		
Security deposits	2.36	2.34
Deferred revenue	1.10	1.14
	<u>3.47</u>	<u>3.48</u>
Current		
Statutory liabilities	8.68	9.27
Security deposits	0.65	0.57
Advances from customers	34.26	6.55
Deferred revenue	—	0.07
	<u>43.59</u>	<u>16.46</u>
20. TRADE PAYABLES		
Payable to micro enterprises and small enterprises (refer note 37)	34.55	22.87
Other Payables	153.95	133.95
Due to related parties (refer note 42)	5.97	1.19
	<u>194.47</u>	<u>158.01</u>
21. CURRENT TAX LIABILITIES (NET)		
Provision for income tax (net of advance tax ₹12.01 crores, March 31, 2018: ₹13.54 crores)	0.72	2.52
	<u>0.72</u>	<u>2.52</u>
22. REVENUE FROM OPERATIONS		
Sale of products	1,352.66	1,200.89
Sale of services	—	—
Job work income	7.19	0.30
Other operating revenues		
Scrap sales	11.32	12.09
Duty draw back and other incentives	17.11	15.54
Others	4.37	0.81
	<u>1,392.65</u>	<u>1,229.63</u>
23. OTHER INCOME		
Interest income	7.38	8.15
Exchange rate fluctuation (net)	4.65	3.93
Rental income from operating lease	0.79	0.79
Gain on fair value change in investments	—	0.22
Insurance claim received	1.80	0.61
Gain on fair value change of existing investment in joint venture (refer note 50)	2.24	—
Miscellaneous income	2.54	2.47
	<u>19.41</u>	<u>16.16</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
24. COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	29.85	14.61
Add : Purchases during the year	765.34	630.50
Less : Closing stock*	26.22	29.85
Raw material and components consumed	<u>768.97</u>	<u>615.26</u>
25. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	12.43	19.32
Closing stock	12.25	12.43
	<u>0.18</u>	<u>6.89</u>
(b) Finished goods		
Opening stock	25.39	27.23
Closing stock*	49.61	25.39
	<u>(24.22)</u>	<u>1.85</u>
	<u>(24.04)</u>	<u>8.73</u>
* excludes inventories of raw material and components and finished goods pertaining to Rico Fluidtronics Limited amounting to ₹1.53 crores and ₹0.76 crore respectively, refer note 50.		
26. OTHER MANUFACTURING EXPENSES		
Consumption of stores and spares	65.98	70.24
Power and fuel	122.78	104.61
Sub contracting expenses	64.56	56.87
	<u>253.33</u>	<u>231.72</u>
27. EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	132.04	127.58
Contribution to provident and other funds (refer note 39)	12.77	11.32
Staff welfare expenses	8.10	6.74
	<u>152.91</u>	<u>145.64</u>
28. FINANCE COSTS		
Interest expenses on :		
Borrowings	23.44	16.20
Exchange differences regarded as an adjustment to borrowing costs	—	0.41
Other borrowing costs	3.34	2.13
	<u>26.79</u>	<u>18.74</u>
29. OTHER EXPENSES		
Rent (refer note 41)	5.29	4.90
Repairs		
Buildings	1.58	0.84
Machinery	5.74	4.78
Others	3.86	3.18
Insurance	4.03	4.18
Rates and taxes	3.19	4.23
Directors' sitting fees	0.38	0.37
Traveling and conveyance	5.00	3.96
Legal and professional*	7.24	7.68
Vehicle running and maintenance expenses	3.24	2.85
Freight and forwarding	44.70	28.59
Line rejection and re-work charges	4.88	2.31
Miscellaneous expenses	8.69	8.96
	<u>97.83</u>	<u>76.84</u>
*Includes payments to auditors as:		
Auditors	0.90	0.85
Other service	0.09	0.07
For reimbursement expenses	0.04	0.11
	<u>1.03</u>	<u>1.03</u>
30. EXCEPTIONAL ITEMS		
On account of voluntary retirement scheme (refer note 46)	9.60	7.43
	<u>9.60</u>	<u>7.43</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

31. INCOME TAX

A. The reconciliation of estimated income tax expense at statutory income tax rate of the Group to income tax expense reported in Consolidated statement of profit and loss is as follows:

(₹ in Crores)

	Year ended March 31, 2019		Year ended March 31, 2018	
	Amount	%	Amount	%
Profit from continuing operations before income tax expense	72.13		70.11	
Income tax using the Company's domestic tax rate	24.96	34.61%	24.26	34.61%
Tax incentives and concessions	(6.64)	(9.2%)	(7.49)	(10.68%)
Non Deductible expenses	0.40	0.55%	0.14	0.20%
Tax effect of carry forward losses (on which deferred tax asset was not created in past)	—	—	(1.47)	(2.1%)
Others	2.38	3.28%	(3.33)	(4.75%)
Income tax expense recognised in the statement of profit and loss	21.10	29.24%	12.11	17.27%

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

(₹ in Crores)

	Opening balance	Recognised/ (reversed) through profit and loss	Recognised/ (reversed) through OCI/equity	Closing balance
B1. Deferred tax assets*				
For the year ended March 31, 2018				
Carry forward losses	6.27	2.30	—	8.57
For the year ended March 31, 2019				
Carry forward losses	8.57	0.68	0.27	9.52
# refer note 50				
B2. Deferred tax liabilities (net)				
For the year ended March 31, 2018				
Deferred tax liabilities				
Depreciation and amortization	20.33	0.66	—	20.99
Financial assets and liabilities at amortized cost	6.43	2.29	—	8.72
Others	1.83	(1.57)	—	0.26
	28.59	1.38	—	29.97
Deferred tax assets				
Employee benefits	(6.69)	0.35	(0.14)	(6.48)
Foreign currency monetary item translation difference account	—	(0.07)	—	(0.07)
Minimum alternative tax credit entitlement	(5.04)	(1.97)	—	(7.01)
Others	(3.15)	(1.44)	—	(4.59)
	(14.88)	(3.13)	0.14	(18.15)
Net deferred tax liabilities	13.71	(1.75)	(0.14)	11.82
For the year ended March 31, 2019				
Deferred tax liabilities				
Depreciation and amortization	20.99	5.38	—	26.37
Financial assets and liabilities at amortized cost	8.72	4.70	—	13.42
Gain on fair value change of existing investment in joint venture#	—	—	0.52	0.52
Others	0.26	(0.09)	—	0.17
	29.97	9.99	0.52	40.48
Deferred tax assets				
Employee benefits	(6.48)	(2.59)	(0.24)	(9.31)
Foreign currency monetary item translation difference account	(0.07)	(0.17)	—	(0.24)
Minimum alternative tax credit entitlement	(7.01)	(6.25)	—	(13.26)
Others	(4.59)	3.88	—	(0.71)
	(18.15)	(5.13)	(0.24)	(23.52)
Net deferred tax liabilities	11.82	4.86	0.28	16.96

* Pertains to two subsidiary companies, namely, Rico Jinfei Wheels Limited and Rasa Autocom Limited. Deferred tax asset has been created only to the extent of availability of reasonably certain future taxable profits.

refer note 50.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
32. EARNINGS PER SHARE		
Profit after tax (A) (₹)	50.52	57.80
Weighted average number of equity shares (basic/diluted) (B)	13,52,85,000	13,52,85,000
Nominal value of equity share (₹)	1.00	1.00
Earnings per share - basic/diluted (A/B) (₹)	3.73	4.27

33. FINANCIAL INSTRUMENTS

A Financial Instruments by Category

The carrying amounts and fair values of financial instruments by category are as follows:

(₹ in Crores)

	As at March 31, 2019		As at March 31, 2018	
	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*
Financial assets				
Non-current				
Loans	—	76.48	—	65.45
Other financial assets	—	3.82	—	0.16
Current				
Investments	—	—	2.66	—
Trade Receivables	—	271.84	—	228.62
Cash and cash equivalents	—	24.89	—	8.68
Bank balances other than cash and cash equivalents	—	2.34	—	2.90
Loans	—	6.41	—	10.26
Other financial assets	0.56	8.79	—	6.80
	0.56	394.57	2.66	322.87
Financial liabilities				
Non-current				
Borrowings (excluding current maturities)	—	164.81	—	63.12
Current				
Borrowings	—	161.52	—	135.03
Trade payables	—	193.46	—	158.01
Other financial liabilities	—	98.14	0.32	99.97
	—	617.94	0.32	456.14

* The management considers that the carrying amount of financial assets and financial liabilities subsequently measured at amortised cost in the balance sheet approximates their fair value.

B. Fair value hierarchy

The categories used are as follows:

Level 1: Quoted price in active market.

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Group.

B1. Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

	As at	Level 1	Level 2	Level 3	Total
Derivative Asset	March 31, 2019	—	0.56	—	0.56
Derivative Liability	March 31, 2018	—	0.32	—	0.32
Investment measured at fair value through profit and loss	March 31, 2018	2.66	—	—	2.66

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

34. CAPITAL MANAGEMENT

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

Total debt divided by total equity

	As at March 31, 2019	As at March 31, 2018
Total Debts*	378.83	271.93
Total Equity#	616.00	563.25
Debt Equity Ratio	0.61	0.48

(₹ in Crores)

* includes short term and long term borrowings with current maturities

includes equity share capital and other equity

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

35. FINANCIAL RISK MANAGEMENT

35A. Market risk:

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk namely currency risks and interest rate risk. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a. Foreign currency risk:

The Group's exposure arises mainly on import (of raw material and capital items), export (of finished goods) and foreign currency borrowings. The Group follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Group, management uses certain derivative instruments to manage its exposure to the foreign currency risk in connection with its foreign currency management policy. Foreign currency transactions are managed within approved policy parameters.

The derivative instruments and unhedged foreign currency exposure is as follows:

(i) Particulars of unhedged foreign currency exposure as at the reporting date

The Group exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

(₹ in Crores)

As at March 31, 2019	USD	JPY	EURO	GBP	Others	Total
Trade payable	10.65	4.49	4.14	0.03	2.07	21.38
Advance From Customer	6.09	—	2.00	2.74	—	10.83
Other Payables	0.08	—	0.06	—	—	0.14
Borrowings:						
Term loan#	17.48	—	87.51	—	—	104.99
Less: Investments	0.17	—	—	0.18	—	0.35
Less: Cash & Bank	—	—	0.01	—	0.02	0.03
Less: Advance to supplier	3.91	4.68	4.19	—	—	12.78
Less: Trade Receivable	43.88	—	21.92	—	—	65.81
Net payable/(receivable)	(13.66)	(0.19)	67.59	2.59	2.05	58.37
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	0.14	0.00	(0.68)	(0.03)	(0.02)	(0.58)
Sensitivity to decrease of 1%	(0.14)	(0.00)	0.68	0.03	0.02	0.58

Includes INR to EURO Swap amounting to EURO 3,466,251 outstanding as at 31st March 2019.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

As at March 31, 2018	USD	JPY	EURO	GBP	Others	Total
Trade payable	2.16	0.17	0.40	0.13	0.02	2.87
Borrowings:						
Buyer's credit facility	2.30	9.36	16.89	-	-	28.55
Term loan	39.97	-	-	-	-	39.97
Packing Credit Facility	25.59	-	-	-	-	25.59
Less: Trade Receivable	61.17	-	26.83	(4.33)	-	83.67
Net payable	8.85	9.53	(9.54)	4.46	0.02	13.31
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	(0.09)	(0.10)	0.10	(0.04)	(0.00)	(0.13)
Sensitivity to decrease of 1%	0.09	0.10	(0.10)	0.04	0.00	0.13

Derivatives outstanding as at the reporting date

(₹ in Crores)

	Currency sold	As at March 31, 2019	As at March 31, 2018
Forward contract (sell) against exports	USD	48.85	32.96
Forward contract (sell) against exports	EURO	—	4.10

b. Interest rate risk:

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Variable rate borrowing	253.06	242.53

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

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Variable rate borrowings		
Interest rate increase by 0.5%	1.27	1.21
Interest rate decrease by 0.5%	(1.27)	(1.21)

35B. Credit Risk :

Credit risk refers to the risk of default on its obligation by the customer/counter party resulting in a financial loss. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarized below:

(₹ in Crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments	—	2.66
Cash and cash equivalents	24.89	8.68
Other bank balances	2.34	2.90
Trade receivables	271.84	228.62
Loans	82.89	75.71
Other financial assets	13.17	6.96

Cash and cash equivalents and bank balances

Credit risk relating to cash and cash equivalents and restricted cash is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an on-going basis. Investments include investment in liquid mutual fund units having low credit risk.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Group grants credit terms in the normal course of business. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2019 and March 31, 2018 is insignificant.

Loans and other financial assets measured at amortised cost

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

Given below is the ageing of trade receivable and loans:

Trade Receivables

Particulars	As at March 31, 2019		As at March 31, 2018	
Outstanding for more than six months		5.61		10.38
Others		266.23		218.24
		<u>271.84</u>		<u>228.62</u>

35C. Liquidity risk:

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the Group. The Group has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

The below tables summaries the maturity profile of the Group's financial assets and financial liabilities:

	As at March 31, 2019			
	Less than 1 year	1 - 3 years	More than 3 years	Total
Borrowings (including short term and current maturities)	214.02	120.12	44.69	378.83
Interest accrued but not due on borrowings	2.28	—	—	2.28
Trade payable (including payable for capital goods)	217.32	—	—	217.32
Unclaimed dividends	1.33	—	—	1.33
Employee benefit payable	14.04	—	—	14.04
Security deposit	2.47	—	—	2.47
Others	1.67	—	—	1.67
	<u>453.12</u>	<u>120.12</u>	<u>44.69</u>	<u>617.93</u>
	As at March 31, 2018			
Borrowings (including short term and current maturities)	208.81	49.69	13.43	271.93
Interest accrued but not due on borrowings	0.68	—	—	0.68
Trade payable (including payable for capital goods)	163.19	—	—	163.19
Unclaimed Dividends	1.29	—	—	1.29
Employee Benefit Payable	17.32	—	—	17.32
Security Deposit	1.70	—	—	1.70
Derivative liability measured at fair value	0.32	—	—	0.32
Others	0.72	—	—	0.72
	<u>394.03</u>	<u>49.69</u>	<u>13.43</u>	<u>457.15</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

36. CONTINGENCIES

A. Contingent liability

A1. Demand against the Company not acknowledged as liability

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Income tax (TDS)*	0.00	0.00
Sales tax and Value added tax	0.61	0.30
Excise and service tax	14.32	7.13
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60
Others	0.31	0.32

* Amounts have been rounded off to zero

Out of the above, the following amounts are under litigation at various courts or similar forums:

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Sales tax and Value added tax	0.56	0.04
Excise and service tax	6.71	5.16
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60

** DHBVN had demanded ₹ 5.60 crores (previous year ₹ 5.60 crores) for overdrawing power as compared to approved load limit. DHBVN filed a writ petition before Honourable High Court of Punjab and Haryana which was dismissed on account of non-prosecution on February 15, 2016. Thereafter, DHBVN filed case against the Company with divisional bench of Honourable High Court of Punjab and Haryana. The Company has deposited ₹3.60 crores with DHBVN.

- A2.** GAIL (India) Limited ("GAIL") has raised a demand against the Company in relation to minimum gas consumption by the Company in accordance with the terms of Gas Sale Agreement executed between GAIL and the Company. The Company had filed a case against GAIL with Competition Commission of India which was decided in favour of the Company, however GAIL continues to send demand notices to the Company (amounting to ₹34.59 crores) however Company is refuting the claims filed by GAIL. Based on legal advice the Company believes there will be no outflow of resources in respect of claims filed by GAIL.
- A3.** Surety bonds executed in favour of the President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing capital goods at concessional rate of custom duty. Amount of custom duty involved is ₹4.66 crores (March 31, 2018: ₹4.28 crores)
- A4.** The Honourable Supreme Court of India in its decision dated February 28, 2019 has held that an 'allowance' paid by an employer to its employees will be included in the scope of 'basic wages' and hence, should be included in the calculations for determining provident fund contributions. As the above decision has not prescribed any clarification regarding its date of application, the Company is in the process of evaluating the impact on the provident fund contributions. Pending further clarifications and evaluations of impact of above decision and based on legal advice, no additional provisions for provident fund contributions have been recognised in the financial statements for the year ended March 31, 2019.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

37. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Crores)

	As at March 31, 2019		As at March 31, 2018	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	34.55	0.04	22.87	0.13
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	—	—	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	—	—	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	—	0.04	—	0.10
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	—	—	—	—

38. COMMITMENTS

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹ 12.74 crores (March 31, 2018: ₹15.07 crores)]	70.29	116.89

39. EMPLOYEE BENEFITS

A. Defined contribution plans

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
Employer's contribution to provident fund	7.08	6.18
Employer's contribution to ESI	0.24	0.51

B. Defined benefit plan

GRATUITY

In accordance with the Payment of Gratuity Act, 1972, the Group provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Group contributes the ascertained liability to Life Insurance Corporation of India and India First Life Insurance Company Limited with whom the plan assets are maintained.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

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

(₹ in Crores)

	As at March 31, 2019	As at March 31, 2018
B1. Change in defined benefit obligation		
Present value of obligation as at beginning of the year	24.91	24.78
Current service cost*	1.97	1.96
Interest cost	1.96	1.83
Benefits paid	(4.06)	(4.19)
Actuarial loss	0.74	0.53
Acquisition adjustment (refer note 50)	0.25	—
Present value of obligation as at end of the year	25.77	24.91
*Included in employee benefit expenses.		
B2. Change in fair value of plan assets		
Fair value of assets at the beginning of the year	8.88	8.62
Expected return on plan assets	1.64	0.64
Employers contributions	1.95	1.23
Benefits paid	(3.51)	(1.61)
Actuarial gain	—	—
Fair value of plan assets as at end of the year	8.96	8.88
B3. The amounts to be recognised in Consolidated balance sheet		
Present value of obligation as at the end of the period	25.77	24.91
Fair value of plan assets as at the end of the period	(8.96)	(8.88)
Net liability recognised in Balance Sheet	16.81	16.03
— Non current	16.18	15.76
— Current	0.63	0.27
B4. Expense recognised during the year		
In Consolidated statement of profit and loss		
Current service cost	1.98	1.96
Interest cost (net of income)	1.31	1.83
Net cost	3.29	3.79
In Consolidated other comprehensive income		
— Change in financial assumptions	0.26	(1.07)
— experience variance (i.e. Actual experience vs assumptions)	0.37	1.63
— Return on plan assets, excluding amount recognised in net interest expense	0.00	(0.03)
Net cost	0.63	0.53
B5. Actuarial assumptions:		
Discount rate	7.70%	7.80%
Rate of increase in compensation levels	6.25%	6.25%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

B6. Sensitivity analysis for gratuity liability

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

	(₹ in Crores)			
	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	2.48	(2.74)	1.91	(0.77)
Impact of change in salary (+/- 0.5%)	2.74	(2.48)	1.92	(0.79)
Impact of change in attrition rate (+/- 0.5%)	2.62	(2.60)	0.64	0.37

C. Other long-term benefit plans

Other long term benefit plans represent the compensated absences provided to the employees of the Group.

Actuarial valuation has been done with the following assumptions:

	(₹ in Crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.70%	7.80%
Salary growth rate	6.25%	6.25%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

40. EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	(₹ in Crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Capital expenditure	7.33	4.27
Employee benefits expense	10.68	7.45
Revenue expenditure other than depreciation	3.48	3.47
Depreciation on research and development assets	1.36	1.02

41. The Group's operating lease payments pertains to premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to ₹5.29 crores (March 31, 2018 ₹4.90 crores) for the year, has been charged to the Consolidated statement of profit and loss.

The Group has a non-cancellable lease at Sanand wherein Group is liable to pay ₹16.79 crores in future years however Group has obtained waiver of rent from the lessor from time to time which has been granted by the Lessor. The Group has placed the waiver request for current year and expects the same will be granted. As a result, the Group believe that Group would not be required to pay any rent in future in relation to this lease.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

42. RELATED PARTY DISCLOSURES

I. Related parties

A. Other Related Parties (Entity in which KMP exercise significant influence)

- i. Kapsons Manufacturing and Services Private Limited (formerly Kapsons Associates Investments Private Limited)
- ii. Higain Investments Private Limited
- iii. Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)
- iv. ASN Properties Private Limited
- v. Rico Castings Limited
- vi. T.K. Precision Private Limited
- vii. Kapbros Engineering Industries Limited
- viii. Haridwar Estates Private Limited
- ix. Ishvara Manufacturing and Finvest Advisors Private Limited
- x. Meraki Manufacturing and Finvest Advisors Private Limited
- xi. AAK Manufacturing and Consultancy Private Limited

B. Key management personnel

- i) Shri Arvind Kapur - Chairman, CEO & Managing Director
- ii) Shri Arun Kapur - Joint Managing Director
- iii) Shri Rakesh Kapur - Non Executive Director
- iv) Smt. Upasna Kapur - Non Executive Director
- v) Shri Kanwal Monga - Independent Director
- vi) Shri Amarjit Chopra - Independent Director
- vii) Dr. Ashok Seth - Independent Director
- viii) Shri Satish Sekhri - Independent Director
- ix) Shri Rajeev Kapoor - Independent Director
- x) Shri Vinod Kumar Nagar - Independent Director
- xi) Shri Rakesh Kumar Sharma - Chief Financial Officer*
- xii) Shri B.M. Jhamb - Company Secretary*

* as per the Companies Act 2013

II. Transactions with related parties:

	(₹ in Crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
A. Entity in which directors are interested		
1. Rico Castings Limited		
Purchase of goods	29.76	22.11
Sale of goods	18.33	13.48
Sale of assets	0.24	—
Job work expense	0.82	0.89
Reimbursement of expense	11.90	8.44
Rent paid	1.87	1.84
Interest received	2.85	3.78
2. Kapbros Engineering Industries Limited		
Sale of goods	4.73	24.82
Purchase of assets	2.62	0.85
Job work expense	0.00	5.25
Recovery of expenses	3.22	1.14
Rent received	0.97	0.72
3. Kapsons Manufacturing and Services Private Limited (formerly Kapsons Associates Investments Private Limited)		
Loan given	—	2.32
Interest Income	2.91	2.84
Rent expense	1.53	0.67
Job work Expense	0.33	—
Rental Income	0.04	—
Reimbursement of expense	0.03	—

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
4. Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)		
Purchase of Goods	0.13	0.00
5. T.K. Precision Private Limited		
Purchase of goods	4.98	3.73
Recovery of expenses	0.00	0.01
6. Ishvara Manufacturing and Finvest Advisors Private Limited		
Rent expense	0.08	0.03
7. Haridwar Estate Private Limited		
Advance adjusted in the Company's name	—	9.72
Advance given	—	0.09
8. Key management personnel compensation**		
Shri Arvind Kapur	3.73	3.33
Shri Arun Kapur	0.65	1.02
Shri Rakesh Kumar Sharma	0.65	0.37
Shri B.M. Jhamb	0.43	0.40

** As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Group as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the above table. Gratuity and compensated absences are included based on actual payment in respective year in the above table.

Note: The above transactions are in the ordinary course of business.

III. Balances with related parties:

(₹ in Crores)

	Year ended March 31, 2019	Year ended March 31, 2018
B. Entity in which directors are interested		
1. Rico Castings Limited		
Loan receivable	43.00	36.15
Interest receivable	0.84	0.53
Balance payable	—	—
Advance given recoverable	0.00	8.00
Balance recoverable	0.18	0.70
Security deposit	4.90	4.90
2. Kapbros Engineering Industries Limited		
Balance recoverable, net	1.17	16.19
Balance payable, net	4.89	0.11
3. Kapsons Manufacturing and Services Private Limited (formerly Kapsons Associates Investments Private Limited)		
Security deposit	0.26	0.18
Loan receivable	27.72	24.26
Inter-corporate deposits	—	3.77
Interest Receivable	0.73	0.86
4. Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)		
Balance payable, net	1.13	0.00*
5. Haridwar Estates Private Limited		
Advance given	0.09	0.09
6. T.K. Precision Private Limited		
Balance payable	1.14	1.05
7. Ishvara Manufacturing and Finvest Advisors Private Limited		
Balance payable	0.02	0.03

*Amounts have been rounded off to zero.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

43. Segment reporting

The Group is engaged in the manufacturing and sale of auto components for two wheelers and four wheelers. Considering the nature of the Group's business and operations, and the information reviewed by the Chief Operating Decision Maker (CODM) to allocate resources and assess performance, the Group has one reportable business segment as per the requirements of Ind AS 108 'Operating Segments'.

Information about geographical area:

	(₹ in Crores)			
	India	UK (including Europe)	US	Total
Year ended March 31, 2019				
Revenue from external customers (gross)	1,130.94	115.81	145.90	1,392.65
Non-current assets*	703.48	0.00	0.01	703.49
Year ended March 31, 2018				
Revenue from external customers (gross)	1,004.25	84.71	140.67	1,229.63
Non-current assets*	561.91	0.00	0.01	561.92

*Amounts have been rounded off to zero.

44. In accordance with Accounting Standard 11 (under previous GAAP) "The effects of Changes in Foreign Exchange Rates", the Group had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. The Group has elected to continue with the accounting treatment as per option given in para D13AA of Ind AS 101. Amount remaining to be amortised is as under:

	(₹ in Crores)	
	As at March 31, 2019	As at March 31, 2018
Un-amortised exchange differences		
— Property, plant and equipment	2.93	3.93
— FCMITDA	0.26	0.29

45. As per the transfer pricing norms applicable in India, the Group is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Group is in the process of updating the transfer pricing study for the current financial period. However, in the opinion of the management the same would not have a material impact on these financial statements.
46. Exceptional items for the current year and previous year include expenditure incurred pursuant to Voluntary Retirement Scheme of the Group amounting to ₹9.60 crores and ₹ 7.43 crores respectively.
47. **Transition impact on IND AS 115**

The Group has adopted Ind AS 115 'Revenue from Contracts with Customers' with effect from 1st April 2018 - resulting in a change in the revenue recognition policy of the Group in relation to its contracts with customers (refer to note 2(A)(c) for new accounting policy). Ind AS 115 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance. It established a new five-step model that will apply to revenue arising from contracts with customers.

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

The Group's revenue disaggregated by geographical markets is as follows:

	(₹ in Crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
India	1,130.94	1,004.25
Rest of the world	261.71	225.38
Total	1,392.65	1,229.63

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

48. Event after Balance sheet date

The Board of Directors have recommended a final dividend of ₹ 0.40 per share amounting to ₹ 5.41 crores on equity Shares of ₹ 1/- each for the year, subject to approval from shareholders. Dividend distribution tax on the same amounts to ₹1.10 crores.

49. Reconciliation of liabilities from financing activities

Amendment to Ind AS 7 Statement of cash flows, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statement; accordingly, the reconciliation is not disclosed.

50. Acquisition of Joint Venture

During the year, the Company, along with its step down subsidiary, Rasa Autocom Limited has completed the acquisition of 2,11,20,000 equity shares having a face value of ₹10/- each of its 50:50 Joint Venture Company namely Rico Fluidtronics Limited ("RFL") (formerly Magna Rico Powertrain Private Limited) from other joint venture partner, Magna Powertrain GMBH at the rate of ₹ 4.05 per share for a total consideration of ₹8.55 crores. The Board of Directors of the company at their meeting held on February 11, 2019 had approved for above purchase. Post the completion of acquisition of above equity shares, Rico Fluidtronics Limited has now become a subsidiary of the Company and the Company, along with its step down subsidiary, Rasa Autocom Limited holds the entire share capital of RFL.

The above arrangement has become effective from March 29, 2019.

Identifiable assets acquired and liability and contingent liabilities assumed in a business combination are given below

(₹ in Crores)

Particulars	Amount
Fair value of consideration transferred	
Amount settled in cash	8.55
Previously held interest (50%)#	27.03
Total consideration	35.58
Recognised amount of identifiable net assets	
Property, Plant and Equipment	13.97
Capital work-in-progress	0.63
Intangible assets	0.56
Intangible assets (Customer relations)	1.50
Other financial assets	4.14
Other non-current assets	0.23
Deferred tax assets (net)	0.24
Total non-current assets (A)	21.27
Inventories	3.34
Trade receivables	16.95
Cash and cash equivalents	22.30
Bank balance	0.75
Other financial assets	1.28
Total current assets (B)	44.62
Provisions	0.38
Deferred tax liabilities on fair value	0.52
Other non-current liabilities	0.18
Total non-current liabilities (C)	1.08
Trade payables	13.20
Other financial liabilities	0.16
Other current liabilities	0.89
Provisions Current	0.36
Current tax liabilities (net)	0.32
Total current liabilities (D)	14.93
Identifiable net assets (A+B-C-D)	49.88
Capital reserve#	14.29
Calculation of cash flow from above acquisition	
Consideration settled in cash	8.55
Less: Balance acquired	
Cash & Fixed Deposits	22.30
Bank balance	0.75
Net cash inflow from acquisition	14.49

Previously held interest was fair valued on the date of acquisition of control over RFL, accordingly gain of ₹2.24 crores was recorded in the statement of profit and loss.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2019 (Contd.)

51. Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013:

(₹ in Crores)

	Net assets		Share in profit and loss	
	As % Consolidated net assets	Amount	As % Consolidated net profit	Amount
Parent				
Rico Auto Industries Limited	93.61%	580.28	99.93%	51.00
Indian subsidiaries				
1. AAN Engineering Industries Limited	(0.44%)	(2.74)	(2.74%)	(1.40)
2. Rico Investments Limited	19.76%	122.50	7.91%	4.04
3. Rico Jinfei Wheels Limited	(1.14%)	(7.05)	(14.88%)	(7.60)
4. Rasa Autocom Limited	3.22%	19.96	2.98%	1.52
5. Rico Aluminum and Ferrous Auto Components Limited	7.66%	47.46	2.13%	1.09
6. Rico Fluidtronics Limited	2.67%	16.53	6.19%	3.16
Foreign subsidiaries				
1. Rico Auto Industries Inc., (USA)	4.23%	26.21	3.02%	1.54
2. Rico Auto Industries (UK) Limited, (UK)	1.11%	6.87	1.17%	0.60
Minority Interest				
1. Rico Investments Limited (including its subsidiaries)	0.62%	3.87	1.0%	0.51
Add/(Less): Effect of Inter company	(31.30%)	(194.02)	(6.73%)	(3.43)
Total	100.00%	619.87	100.00%	51.03

52. Subsidiaries considered for consolidation

The Group's subsidiaries as at March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group. The Country of incorporation or registration is also their principal place of business.

A. Wholly owned subsidiaries of the Company:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		March 31, 2019	March 31, 2018
AAN Engineering Industries Limited	India	100%	100%
Rico Auto Industries Inc. USA	USA	100%	100%
Rico Auto Industries (UK) Limited	UK	100%	100%

B. Entities having non-controlling interest:

Rico Investment Limited*	India	96.88%	96.88%
Rico Fluidtronics Limited#	India	98.44%	50%

*Rico Investment Limited has further three subsidiary companies namely, Rasa Autocom Limited, Rico Jinfei Wheels Limited and Rico Aluminum and Ferrous Auto Components Limited.

Till previous year Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited) was 50:50 joint venture of the Group, during the year Group has acquired its balance 50% share from other joint venture partner Magna Powertrain GMBH at the rate of ₹4.05 per share for a total consideration of ₹8.55 crores. Since Rico Fluidtronics Limited was joint venture till March 28, 2019, 50% share of its profit has been recorded as "Share of profit of joint venture" in statement of profit and loss amounting to ₹ 3.16 crores. For further details please refer note 50.

53. Revenue of the Group for the period ended March 31, 2019 is net of Goods and Service Tax (GST), which is applicable to the Group from July 01, 2017, however, revenue for the period up to June 30, 2017 is net of Value added taxes but gross of excise duty. Accordingly, revenue for the year ended March 31, 2019 is not comparable with the previous year presented in these financial statements.
54. Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.
55. The financial statement for the year ended March 31, 2019 were authorized and approved for issue by the board of directors on May 29, 2019.

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

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

Ashish Gupta
Partner
Membership No.: 504662

Rakesh Kumar Sharma
Chief Financial Officer

Amarjit Chopra
Director
(DIN : 00043355)

Place : Gurugram
Date : May 29, 2019

B.M. Jhamb
Company Secretary

Satish Sekhri
Director
(DIN : 00211478)

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

ANNEXURE TO DIRECTORS' REPORT

FINANCIAL STATEMENT OF SUBSIDIARIES/JOINT VENTURE

FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

(₹ in Crores)

Name of the Subsidiary	Rico Investments Limited	AAN Engineering Industries Limited	Rico Auto Industries Inc. USA	Rico Auto Industries (U.K.) Limited	Rico Aluminium and Ferrous Auto Components Limited	Rico Jinfei Wheels Limited	Rasa Autocom Limited	Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited)
Sl. No.	1	3	4	5	6	7	8	9
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	USD (Exchange Rate 69.87)	GBP (Exchange Rate 91.72)	INR	INR	INR	INR
Share Capital	118.70	0.05	0.12	0.16	46.05	38.00	41.00	42.24
Reserves & Surplus	3.80	(2.79)	26.09	6.71	1.41	(45.05)	(21.04)	6.65
Total Assets	122.62	3.14	60.70	20.83	104.31	88.21	53.81	64.39
Total Liabilities	0.12	5.88	34.49	13.96	56.85	95.26	33.85	15.49
Investments	73.50	—	—	—	—	—	—	—
Turnover (Net of Excise)	0.01	4.08	140.47	97.19	251.67	135.57	52.40	92.54
Profit before taxation	5.28	(1.32)	2.57	0.74	1.63	(8.01)	1.28	8.84
Provision for taxation	1.24	0.08	1.02	0.14	0.54	(0.42)	(0.24)	2.54
Profit after taxation	4.04	(1.40)	1.54	0.60	1.09	(7.59)	1.52	6.30
Dividend Paid*	1.24	—	—	—	1.11	—	—	—
Proposed Dividend*	1.24	—	—	—	1.11	—	—	6.37
% of shareholding	96.88	100.00	100.00	100.00	100.00	93.49	100.00	100.00

* Includes Dividend Distribution Tax.

Notes: 1. Name of Subsidiaries which are yet to commence operations: N.A.
2. Name of Subsidiaries which have been liquidated or sold during the year: N.A.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Note: Acquisition of shares on 29th March, 2019 from Magna Powertrain GMBH, Joint Venture partner. The Joint Venture Company (formerly Magna Rico Powertrain Private Limited) has become subsidiary company and also renamed as Rico Fluidtronics Limited.

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

Rakesh Kumar Sharma
Chief Financial Officer

Amarjit Chopra
Director
(DIN : 00043355)

Place : Gurugram
Date : May 29, 2019

B.M. Jhamb
Company Secretary

Satish Sekhri
Director
(DIN : 00211478)

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

CONCEPT TO COMPLETION



ACCOUNT & PROGRAM MANAGEMENT



RICO

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