

RICO

**RELIABILITY
INNOVATION
COMPETITIVENESS
GLOBALIZATION**

37th
Annual Report
2019-20

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 5000 EMPLOYEES

STRONG IN-HOUSE R&D CAPABILITIES

Our Vision

To be the preferred supplier to OEMs across the Globe.

Our Strategies

World Class Quality:

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

Integrated Service - Concept to Delivery:

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

Preferred Supplier:

Customer Focussed Enterprise Efficient Account, Program & Launch Management

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

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

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

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

During the Covid-19 lockdown period, Rico actively took steps towards tackling the unprecedented health & humanitarian crisis arising from the pandemic outbreak. Our focus was on the immediate provision of food, dry ration, water, basic medicines and safety kits, etc. for the marginalized communities that are bearing the brunt of loss of livelihoods and jobs.

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

Financial Highlights

Standalone

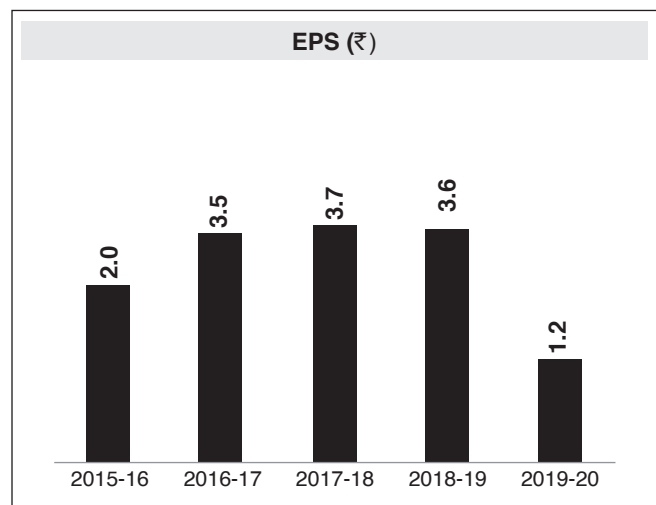
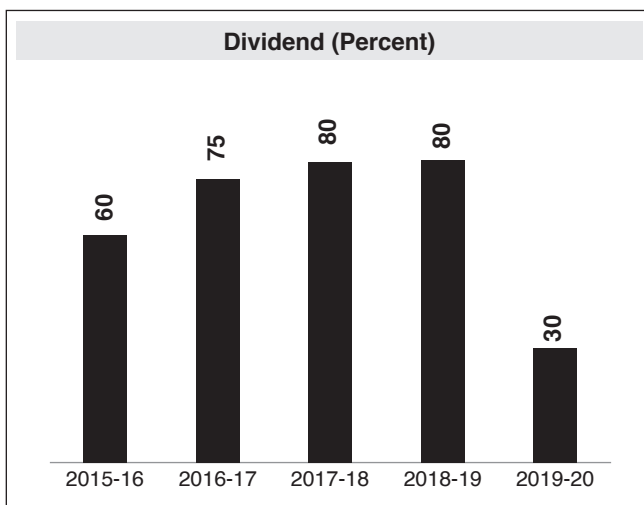
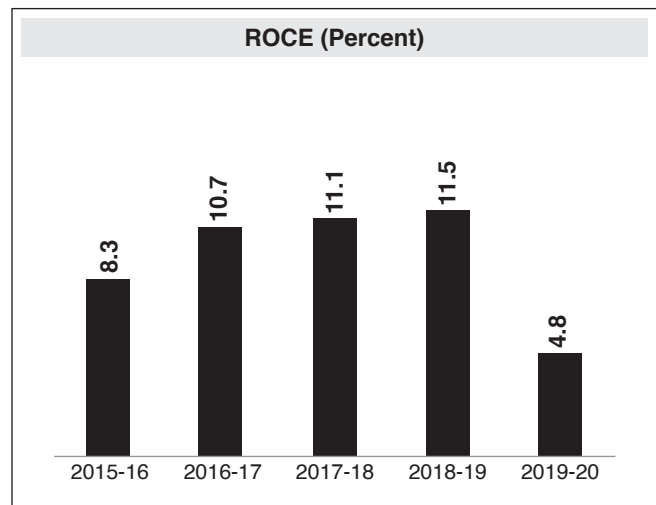
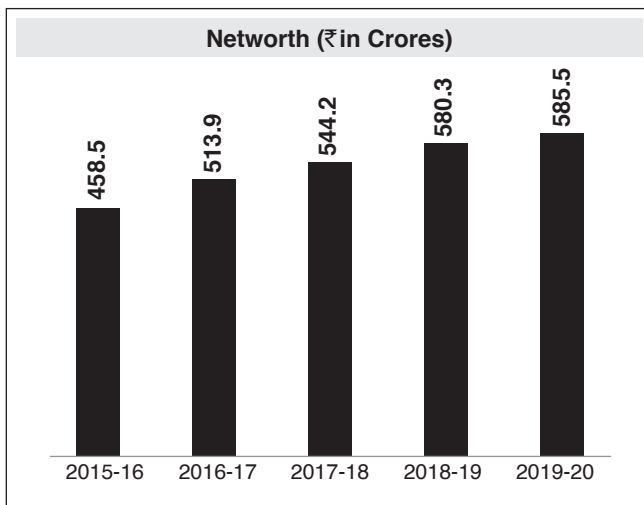
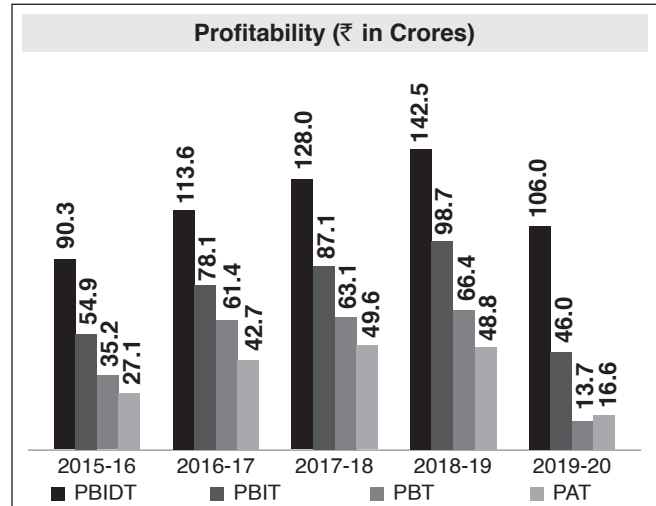
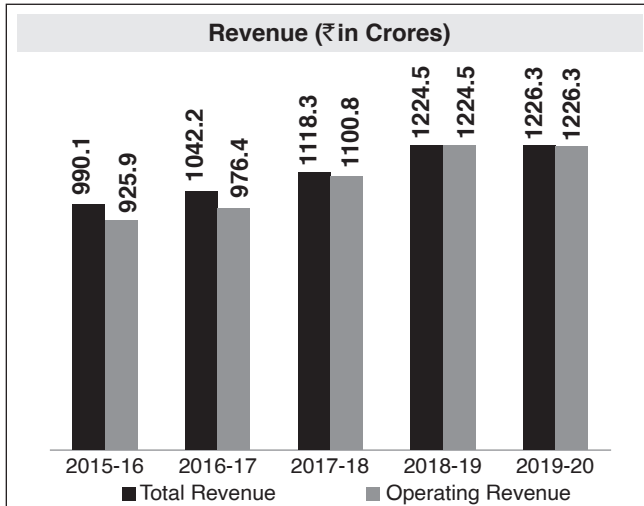
(₹ in Crores)

Particulars	2019-20	2018-19	2017-18	2016-17@	2015-16
Gross Revenue	1226.3	1224.5	1118.3	1042.2	990.1
Net Revenue	1226.3	1224.5	1100.8	976.4	925.9
PBIDT	106.0	142.5	128.0	113.6	90.3
Depreciation	60.0	43.8	40.9	35.6	35.4
PBIT	46.0	98.7	87.1	78.1	54.9
Interest	27.2	23.1	17.2	16.0	19.7
PBT	13.7	66.4	63.1	61.4	35.2
Income Tax	2.2	14.0	14.2	11.1	7.6
Deferred Tax	(5.2)	3.6	(0.8)	2.6	(0.1)
MAT Credit Receivable	0.0	0.0	0.0	0.0	(1.2)
Previous Year Income Tax	0.0	0.0	0.0	0.0	1.7
PAT	16.6	48.8	49.6	42.7	27.1
Dividend (Including Tax)	5.7	12.3	18.7	1.6	9.8
Gross Fixed Assets (Incl. CWIP)	773.6	652.1	477.8	395.9	744.6
Net Fixed Assets (Incl. CWIP)	612.9	540.8	402.1	360.4	343.3
Net Current Assets*	179.5	173.5	185.7	185.7	141.9
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	572.0	566.8	530.7	500.4	445.0
Deferred Tax Liabilities	10.0	18.2	14.8	15.8	11.4
Total Loan Funds	406.1	339.6	253.7	230.4	223.4
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	8.6	11.6	11.6	11.6	9.7
ROCE (PBIT/Avg. Capital Employed)	4.8	11.5	11.1	10.7	8.3
RONW (PAT/Avg. Net Worth)	2.8	8.7	9.4	9.8	6.0
Per Share Data (₹)					
EPS	1.2	3.6	3.7	3.5	2.0
Cash EPS	5.7	6.9	6.7	6.2	4.6
Book Value	43.3	42.9	40.2	38.0	33.9
Dividend (%)	30	80	80	75	60
Net worth	585.5	580.3	544.2	513.9	458.5

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

@ Adjusted due to first time adoption of Ind AS.

Standalone



Financial Highlights

Consolidated Group

(₹ in Crores)

Particulars	2019-20	2018-19	2017-18	2016-17@	2015-16
Total Revenue	1423.8	1412.1	1245.8	1127.2	1094.2
Revenue					
Rico Auto Industries Limited	1226.3	1224.5	1100.8	976.4	925.9
Rico Auto Industries Inc. USA	138.5	140.5	140.7	151.8	145.0
Rico Auto Industries (UK) Limited UK	5.9	97.3	83.9	52.3	40.8
Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited)**	80.9	0.0	0.0	0.0	34.2
Rico Jinfei Wheels Limited #	119.7	136.5	111.3	78.0	73.9
Uttarakhand Automotives Limited \$	0.0	0.0	0.0	0.0	8.7
Rasa Autocom Limited	72.5	53.1	32.9	26.3	40.4
Rico Aluminium and Ferrous Auto Components Limited	193.6	253.5	241.6	248.5	260.7
Rico Investments Limited	5.9	5.9	4.9	4.9	5.9
AAN Engineering Industries Limited	2.0	4.2	4.1	3.7	0.3
Less : Inter Company Revenue	(421.5)	(503.4)	(494.7)	(490.5)	(514.7)
Rico Group Consolidated	1423.8	1412.1	1225.5	1051.3	1021.2
PBIDT	136.5	166.2	150.2	127.7	108.2
PBIT	56.9	108.5	96.3	81.4	61.4
PBT	18.9	72.1	70.1	63.4	41.2
PAT	16.7	51.0	58.0	51.7	29.7
Gross Fixed Assets (Incl. CWIP)	967.3	832.3	614.1	518.5	895.6
Net Fixed Assets (Incl. CWIP)	754.9	685.4	515.2	472.4	458.1
Net Current Assets*	221.0	248.3	237.6	202.8	182.3
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	607.5	602.5	549.7	510.2	457.1
Deferred Tax Liabilities	8.6	7.4	3.3	7.4	11.9
Total Loan Funds	417.8	378.8	271.9	235.8	227.0
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	9.6	11.8	12.3	12.1	10.6
ROCE (PBIT/Avg. Capital Employed)	5.6	11.9	12.0	11.0	9.1
RONW (PAT/Avg. Net Worth)	2.7	8.7	10.7	10.4	6.4
Per Share Data (₹)					
EPS	1.2	3.7	4.3	3.8	2.2
Cash EPS	7.1	8.0	7.8	7.3	5.6
Net worth	621.0	616.0	563.3	523.7	470.6

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

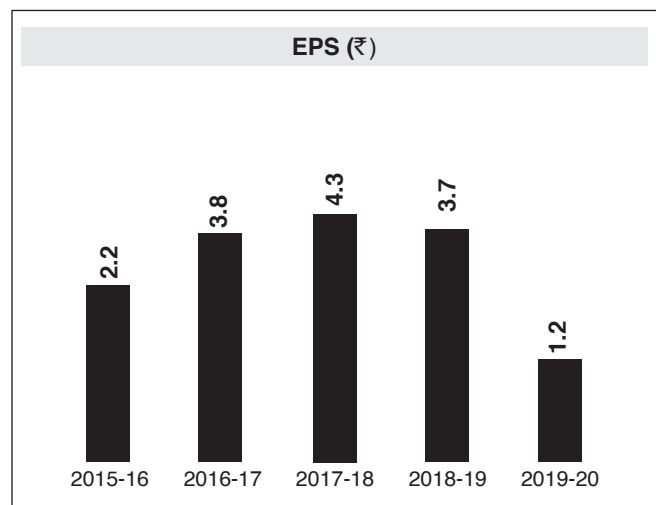
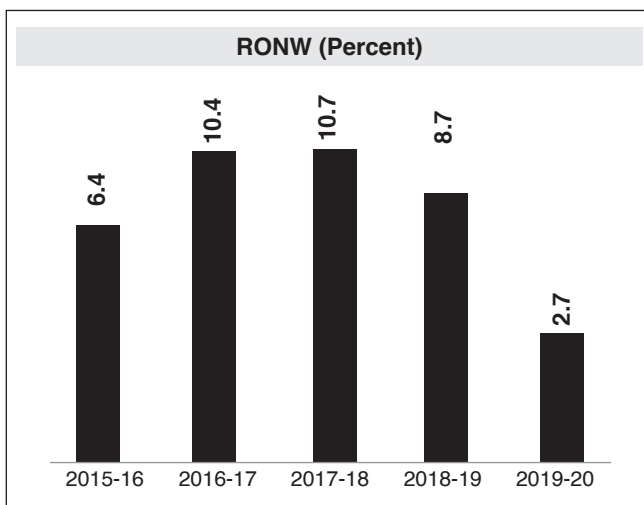
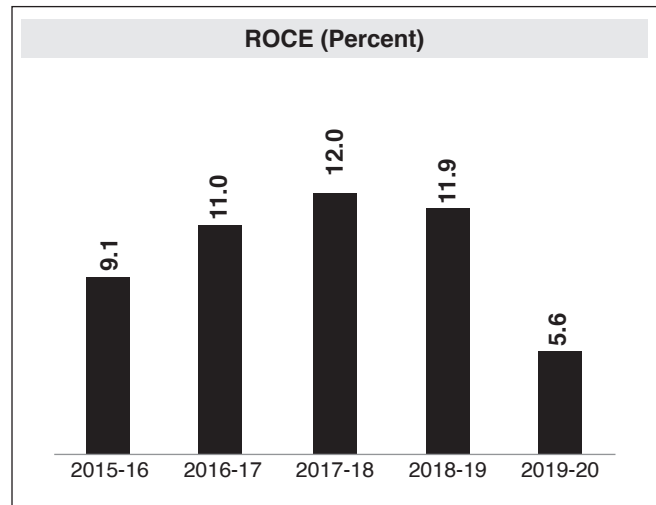
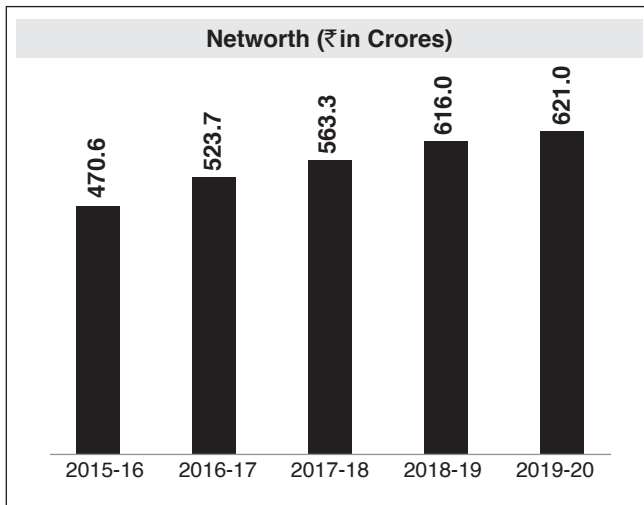
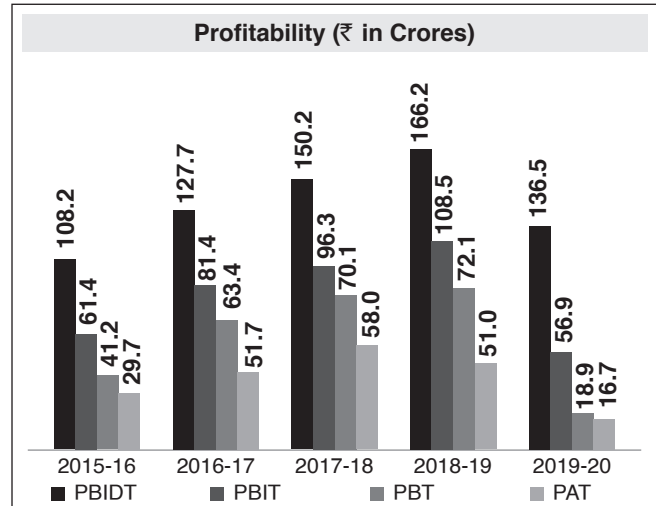
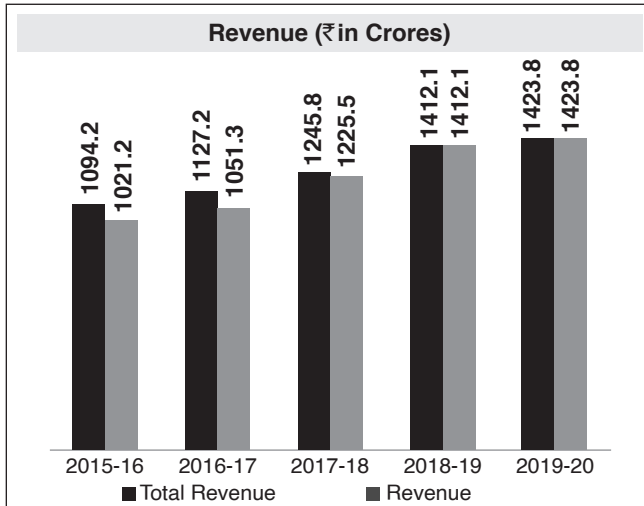
** 50% Joint Venture till 29th March, 2019.

Rico Auto through its subsidiaries holds 94.79 percent.

\$ Merged with the Company vide order of Hon'ble NCLT, Chandigarh dated 14th December, 2017.

@ Adjusted due to first time adoption of Ind AS.

Consolidated Group



FROM THE

Chairman's Desk



Dear Shareholders,

FY2020 has been an unprecedented year in more ways than one. Not only have there been trade disruptions between US and China, there has been deceleration in the manufacturing sector with the Brexit concern. The outbreak of the COVID-19 Pandemic, of course, has further worsened economic growth.

India also saw a spate of challenges in the economic scenario with the GDP growth declining from quarter to quarter, and the overall GDP growth settling at 4.2 per cent for FY2020, a record low of 11 years.

The global automotive industry suffered the impact of the 2019 economic downturn, with Moody's maintaining a "negative" sector outlook. The automotive industry in India too, witnessed a demand decline across various product segments, even before the onset of the global pandemic, led by the overall economic slowdown. The major drivers of the decline were weak customer sentiments coupled with ambiguity surrounding the availability of financing options to vehicle dealers, increase in vehicle insurance premiums, increased road tax in some states, anticipation of a GST rate cut for the automobile sector that delayed purchase decisions, ambiguities on regulatory measures around BS IV and VI emission standards, increase in oil prices etc.

Consequent to the above macro economic conditions, your Company recorded the consolidated net income of Rs.1423.8 crores in the year under report and a Profit after Tax (PAT) of Rs.16.7 crores. (The annual numbers are despite the 10-day nationwide lockdown that impacted this fiscal). Due to conditions of COVID-19 Pandemic and the nationwide lockdown continuing into the new financial year, your Company's operations were further impacted during the first quarter ended 30th June, 2020. Encouragingly however, your company has since, not only begun operations in a phased manner, the period of July to September has witnessed sequential monthly sales recovery and shown encouraging signs of revival.

Based on the review of current indicators and considering the future economic conditions, we are cautiously optimistic about the remaining part of the year. With the peak festival season coming up, your company is positive of achieving high sales numbers. It is expected that on the back of a good monsoon and sowing season, there is likely to be an increased demand in rural and semi-urban areas. Personal mobility is also gaining prominence due to COVID-19 and is likely to lead to increased demand in the two-wheeler and passenger vehicle segment. In addition, the clarion call for "Atmanirbhar Bharat" and being "vocal for local" is expected to translate into an increase in exports while disincentivising imports. Of course, assessment of the impact of COVID-19 is now a dynamic process given the uncertainties associated with its nature and duration.

In unprecedented times, more than ever, your company remains focused on offering its customers the most technologically advanced and best-in-class products. We are certain that our zeal to strengthen our own internal capabilities and offer sustainable development will go a long way in overcoming any short-term environmental challenges & converting them into strengths.


As we strive to repay the trust that you, our shareholders, have placed on us, I would like to convey a warm 'thank you' to you, as also to all our valued customers, business associates and stakeholders who have stood by us.

Let me also take this opportunity to thank all our colleagues for their commitment and efforts.

I wish for everyone's good health and safety in these extraordinary times.

Arvind Kapur
Chairman, CEO & Managing Director


RICO Core Value




ENTREPRENEURSHIP
The power of perusing new challenges with speed, fexibility and ownership




TEAMWORK
The power of working together



INTEGRITY
The power of honesty and transparency



COMMITMENT
The power of responsibility, accountability and ownership



EXCELLENCE
The power of being the best

Key Milestones

2019-20	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Initiated After Market Business Added new Facilities/Plants at Bawal, Pathredi & Chennai - IATF 16949 Added Customers - Bentley, PSA, Daimler, Kia, Punch Powertrain 	<p>VDA 6.3 CAT SQEP Silver</p>
2010-14	<ul style="list-style-type: none"> Added new Facilities/Plants at Bhiwadi, Sanand, Haridwar & Manesar Added Customers - Musashi, GKN, Toyota, VW, Kohler, Avtec Sold stake in JV company namely FCC Rico 	<p>GM QSB</p>
2007-09	<ul style="list-style-type: none"> JV with Magna Powertrain (Oil Pump, Water Pump) JV with Jinfei China (Aluminium Alloy Wheels - 2 Wheelers) Added Customers - JATCO, Magna, Renault, BMW 	<p>FORD Q1 CAT SQEP-Bronze</p>
2004-06	<ul style="list-style-type: none"> R&D Center Started Added Customers - NISSAN, TATA (Small Car Project), Perkins 	<p>TS 16949, ISO 14001 OHSAS 18001</p>
2003-04	<ul style="list-style-type: none"> Enhanced Ferrous and Aluminium Capacity Added Customers - GM, Caterpillar, Honeywell, Detroit Diesel, Volvo 	<p>QS 9000</p>
2000-02	<ul style="list-style-type: none"> Full Service Engineering Design Development Capability Added Customers - FORD, Land Rover, Jaguar 	<p>ISO 9000</p>
1999-00	<ul style="list-style-type: none"> Expansion of Aluminium Die Casting & Machining (Gurugram) 	<p>ISO 9000</p>
1994-96	<ul style="list-style-type: none"> JV (50:50) FCC RICO (Clutch Assembly) Started Exports - GM, Eaton, Cummins 	<p>ISO 9000</p>
1990-92	<ul style="list-style-type: none"> International Market OEM Supplier - MEC Japan New Plant for Ferrous Casting & Machining (Gurugram) Focus - Maruti Suzuki 	<p>ISO 9000</p>
1985-86	<ul style="list-style-type: none"> Technical Collaboration with FCC Japan for clutches Commercial Production Started (1986) Aluminium Die Casting & Machining (Dharuhera) Focus - Hero Honda & Maruti Suzuki 	<p>ISO 9000</p>

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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>
Sarita Kapur	<i>Independent Director</i>
Upasna Kapur	<i>Non-Executive Director</i>
Arun Kapur	<i>Joint Managing Director</i>

Rico Executive Committee (REC)

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

Advisors

O P Aggarwal
 N K Sethi

Chief Financial Officer

Rakesh Kumar Sharma

Company Secretary

B M Jhamb
 FCS No. 2446

Bankers (in alphabetical order)

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

Auditors

Walker Chandiook & Co LLP
 Chartered Accountants
 New Delhi, India

Registered & Corporate Office

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

Registrar & Transfer Agent

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

RICO AUTO INDUSTRIES LIMITED

CIN: L34300HR1983PLC023187

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th ANNUAL GENERAL MEETING of the Members of RICO AUTO INDUSTRIES LIMITED will be held on Thursday, the 12th day of November, 2020 at 12.00 Noon through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2020 including the Reports of Directors' and Auditors' thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 including the Reports of Auditors' thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2020. The Board has recommended 30 per cent Dividend i.e. ₹0.30 (Thirty paise) per Equity Share of ₹1/- each.
3. To appoint a Director in place of Smt. Upasna Kapur (DIN: 00327461), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

4. Payment of Commission to Non-Executive Directors

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

"Resolved that pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") and the rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment thereof for the time being in force] the Directors (other than Executive Directors) of the Company, be paid remuneration by way of commission not exceeding an amount equal to one per cent (1%) of the net profits of the Company subject to maximum limit of ₹1.00 crore (Rupees One crore only) for each financial year as computed under Section 198 of the Act commencing from 1st April, 2020 upto the year ending 31st March, 2025."

"Resolved further that the Board of Directors be and are hereby authorized to decide, from time to time, the quantum and manner of distribution of the amount of commission to one or more Directors within the limits prescribed and in terms of the Act."

"Resolved further that the aforesaid commission shall be exclusive of the sitting fees payable to such Directors for attending the meetings of the Board and its Committees thereof."

"Resolved further that consent of the Company be and is hereby accorded for payment of the aforesaid commission to such Directors who may be relatives of other Directors."

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

5. Appointment of Ms. Sarita Kapur (DIN: 08848507) as an Independent Director

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

"Resolved that pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment thereof for the time being in force] and pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board, Ms. Sarita Kapur (DIN: 08848507), who was appointed by the Board as an Additional Independent Director of the Company with effect from 28th August, 2020, and who holds office up to the date of this Annual General Meeting, being eligible for appointment as an Independent Non-Executive Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of the Company, not liable to retire by rotation and to hold such office for a term of 5 (Five) consecutive years from 28th August, 2020 to 27th August, 2025."

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

6. Re-appointment of Shri Arun Kapur (DIN:00100270), Joint Managing Director and payment of Remuneration

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

"Resolved that pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any statutory modification(s) or re-enactment thereof for the time being in force] and subject to other statutory approvals, if any, approval of the Members of the Company be and is hereby accorded to the re-appointment of Shri Arun Kapur (DIN: 00100270) as Joint Managing Director of the Company, liable to retire by rotation, for a further period of five years from 2nd May, 2020 to 1st May, 2025, as well as to continue to hold such position upon attaining the age of 70 (Seventy) years during his tenure of appointment."

"Resolved further that Shri Arun Kapur, Joint Managing Director of the Company be paid following remuneration effective from 2nd May, 2020 for a period of three years (i.e. 2nd May, 2020 to 1st May, 2023):

- I. Salary, Allowances & Perquisites not to exceed: ₹5.00 lakhs per month (02/05/2020 to 01/05/2023)

Allowances & Perquisites are classified into the following three categories:

PART-A

The allowances and perquisites payable shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowance for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement and leave travel concession for self and family including dependents; club fees, medical insurance and personal accident insurance and such other allowances and/or perquisites as may be determined from time to time within the overall amount of salary and perquisites specified above.

PART-B

- i) Contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- ii) Gratuity, if payable under the Company's Rules shall not exceed half a month's salary for each completed year of service.
- iii) Earned Leave and its Encashment: On full pay and allowances as per the rules of the Company.

PART-C

Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

The allowances and perquisites mentioned above in Part 'A' will be included in the computation of ceiling on remuneration whereas Part 'B' and 'C' will not be included.

- II. Ceiling on Remuneration: The overall remuneration payable shall not exceed 10 (Ten) percent of the Net Profits of the Company to all Executive Directors. Wherein, in any financial year during the tenure of his service, the Company has no profits or its profits are inadequate, Shri Arun Kapur shall be entitled to receive remuneration by way of salary, allowances and perquisites as mentioned above as minimum remuneration.

"Resolved further that pursuant to the provisions of Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any statutory modification(s) or re-enactment thereof for the time being in force], approval of the Members be and is hereby accorded for payment of remuneration to Shri Arun Kapur, Joint Managing Director, notwithstanding that the remuneration payable to him in any financial year exceeds the aggregate annual remuneration of all the Executive Directors, who are promoters, as per the limits stipulated under the said regulations, during the tenure of his appointment."

"Resolved further that the Board of Directors (including any Committee of Directors) be and are hereby authorized to alter, vary and/or revise the remuneration of Shri Arun Kapur as Joint Managing Director within the overall limits as approved above and under the Companies Act, 2013 and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable and to settle any question that may arise in relation thereto, in order to give effect to this resolution."

7. Ratification of Remuneration payable to Cost Auditors

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

"Resolved that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the total remuneration of ₹1.50 lakhs (Rupees One lakh fifty thousand only) plus applicable taxes and out of pocket expenses payable to M/s. J.K. Kabra & Co., Cost Accountants (Firm Registration No. 000009), for carrying out Cost Audit of the Company be and is hereby ratified for the financial year 2020-21."

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

8. Approval of Related Party Transactions

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

"Resolved that pursuant to the provisions of Section 188 of the Companies Act, 2013, read with relevant rules made thereunder and pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force] and subject to such other approvals, sanctions as may be required from other authorities under any laws or regulations or guidelines and after such alterations and modifications as may be specified by such other authorities while according the approval or sanction, wherever applicable, approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall unless repugnant to the context and meaning, be deemed to include duly constituted committee thereof or any person authorized by the Board in this behalf) to continue to enter into ongoing related party contracts/arrangements/transactions with Rico Aluminium and Ferrous Auto Components Limited (CIN:U34300HR2008PLC037956), a step-down subsidiary of the Company, relating to sale, purchase or supply of products, goods or materials, machinery, tools & dies or availing or rendering of services and leasing of property of any kind (movable or immovable) up to an amount of ₹500.00 crores (Rupees Five hundred crores only) for the financial year 2020-21 on such terms and conditions as may be decided by the Board."

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

"Resolved further that all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respects."

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

B.M. Jhamb

Company Secretary
FCS No. 2446

Place : Gurugram
Date : August 28, 2020

NOTES:

1. **In view of the continuing Covid-19 Pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its general circular dated 5th May, 2020 read with general circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as “MCA Circulars”) and SEBI vide its circular dated 12th May, 2020 permitted the holding of the Annual General Meeting (“AGM”) through VC/OAVM without the physical presence of Members at a common venue. Accordingly, in compliance with the provisions of the Companies Act, 2013 (‘Act’), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the AGM of the Company is being held through VC/OAVM on Thursday, the 12th day of November, 2020 at 12.00 Noon (IST). The deemed venue of the AGM shall be the Registered Office of the Company.**
2. Since this AGM will be conducted through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Representatives of the Corporate Members may be appointed for the purpose of voting through remote e-voting, for participation in the 37th AGM through VC/OAVM Facility and e-voting during the AGM. Corporate Members intending to attend the AGM are required to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at this AGM by email at kks445@gmail.com or cs@ricoauto.in
4. There will be one vote for every Client ID/Registered Folio Number irrespective of the number of joint holders.
5. Attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. The Directors seeking appointment/re-appointment are not debarred from holding the Office of Director pursuant to any SEBI Order. The information/details as required by the Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings in respect of Directors seeking appointment/re-appointment at ensuing 37th AGM are given in Annexure-A.
7. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, concerning the Special Business in the Notice is annexed and forms part of this Notice.
8. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned elsewhere in the Notice.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from 6th November, 2020 to 12th November, 2020 (both days inclusive).
10. Dividend as recommended by the Board of Directors for the financial year ended 31st March, 2020, when declared at the AGM, will be paid:
 - a) to those Members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before 5th November, 2020; and
 - b) in respect of shares held in electronic form, to those Beneficial Owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 5th November, 2020.

The dividend will be paid, subject to deduction of tax at source, within 30 days from the date of declaration.
11. Pursuant to the Income Tax Act, 1961 read with the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates, for various categories. The shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/Registrar and Transfer Agent (in case of shares held in physical mode) and Depositories (in case of shares held in demat mode).

Resident individual shareholders who are not liable to pay income tax can submit a yearly declaration in Form No.15G/15H along with a self-attested copy of their Permanent Account Number (PAN) card, to avail the benefit of non-deduction of tax at source by sending to the Company at cs@ricoauto.in by 5th November 2020 up to 5.00 P.M. (IST). Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20 per cent. Further, no TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to resident individual shareholder does not exceed ₹5,000/- (Rupees Five thousand only).

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. The aforesaid declarations and documents need to be sent to Company at cs@ricoauto.in by 5th November, 2020 up to 5.00 P.M. (IST). Further, TDS will be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the Income-tax Act, 1961, if such valid certificate is provided.

For details, members may refer to “Communication on TDS on Dividend Distribution” appended to this Notice of 37th AGM.
12. The SEBI vide its circular dated 20th April, 2018 has mandated all Companies to credit the dividends electronically to the Member's Bank Account. Members holding shares in physical form, who have not yet forwarded their bank details are requested to furnish a copy of original cancelled cheque leaf/attested bank passbook showing name of the account holder and other details viz. Account No., IFS Code and MICR Code to the Company/Registrar & Share Transfer Agent (RTA) of the Company. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their Bank details, National Electronic Clearing Services (NECS) mandates, nomination details and address to their Depository Participant (DP).
13. a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 (the Act), the amount of dividend which remains unpaid/unclaimed for a period of 7 years is required to be transferred to the “Investor Education and Protection Fund” (IEPF). As such, Member(s) who have

not yet encashed their dividend warrant(s) are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company from the financial year 2012-13 or any subsequent financial years. It may be noted that once the unclaimed dividend is transferred, on the expiry of seven years, to the IEPF, as stated herein, no claim shall lie against the Company in respect thereof.

The amount of unpaid or unclaimed dividend upto the financial year ended 31st March, 2012, have already been transferred to the IEPF.

- b) Pursuant to Rule 5(8) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your Company has uploaded the Form IEPF-2 containing the details of amount of Dividend lying unclaimed/un-encashed as on 31st March, 2019, on the website of MCA as well as on its own website: <https://www.ricoauto.in/investor-relation.html>
- c) Attention is drawn to the provisions of Section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 which require a Company to transfer all shares in respect of which dividends has not been paid or claimed for 7 (seven) consecutive years or more to the DEMAT Account of IEPF Authority.

Accordingly, the Company during the financial year 2019-20 had transferred 103544 shares pertaining to the financial year 2011-12 to the IEPF Authority within the stipulated time period.

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

Further, all the shareholders who have not claimed/encashed their dividends in the last seven consecutive years from 2013 are requested to claim the same. The concerned Members are requested to verify the details of their unclaimed amounts, if any, from the website of the Company and IEPF and write to the Company or the Company's Registrar before the same becoming due for transfer to the IEPF Authority. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF Authority.

14. As required by Clause F of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has already transferred the shares to "Unclaimed Shares Suspense Account" being maintained with the ICICI Bank Limited and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. The Members who are still holding the Equity Shares of face value of ₹10/- each or shares of the erstwhile Rico Agroils Limited are requested to surrender the respective Share Certificate(s) to the Company at its Registered Office, to enable the Company to issue the Equity Shares of face value of ₹1/- each out of the said account.
15. Members must quote their Folio No./DP ID/Client ID No. and contact details such as e-mail ID, Mobile No./Phone No. etc. in all correspondence with the Company/RTA. Members are also requested to notify change in their contact details, if any.
16. As per the Circulars issued by the Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer, transmission or transposition of shares in physical form. Therefore, the Members are requested to furnish a self-attested copy of their PAN Card to the Company/RTA.
17. Members may further note that in order to curb the malpractices related to physical share transfers, SEBI vide its Notification dated 8th June, 2018 and Press Releases dated 3rd December, 2018 and 27th March, 2019 has restricted all the Listed Companies from undertaking any physical transfers of the securities w.e.f. 1st April, 2019 and thereafter, only dematerialized securities will be allowed to be transferred. However, transmission or transposition of the securities will continue to be accepted in physical form. Members are requested to kindly get your shareholding converted into Dematerialized Form to eliminate the risk associated with the physical share certificates. In case you do not have any demat account, you may contact nearest Depository Participant (DP) who will guide you in opening the same.
18. All the documents referred in the Notice and the Explanatory Statement shall be available for inspection through electronic mode. All shareholders will be able to inspect all documents referred to in the Notice electronically without any fee from the date of circulation of this Notice up to the date of AGM. Members seeking inspection of such documents can send an e-mail to cs@ricoauto.in.
19. The extract of the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection during the AGM upon log-in to NSDL e-voting system at www.evoting.nsdl.com.
20. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies, the Notice of the 37th AGM and the Annual Report including the Audited Financial Statements for the financial year 2019-20 are being sent only through electronic mode to all Members holding shares in demat mode whose e-mail IDs are available with the Depository Participant(s) and to all Members holding shares in physical mode whose e-mail IDs are registered with the Company/RTA for communication purposes. Members who have not registered their e-mail IDs, are requested to register their e-mail ID for receipt of the aforesaid documents in electronic mode only.
21. In line with the MCA Circulars and SEBI Circular, the Notice of 37th AGM and the Annual Report including the Audited Financial Statements for the financial year 2019-20 will also be available on the website of the Company at website: <https://www.ricoauto.in/investor-relation.html>. The same can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also on the website of NSDL at www.evoting.nsdl.com.
22. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended to date and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended to date, and the Circulars issued by the MCA and SEBI, the Company is

pleased to provide to its Members, a facility to exercise their right to vote on resolutions proposed to be considered and passed at the ensuing 37th AGM by electronic means and the business may be transacted through remote e-voting services. The facility of casting vote by the Members using an electronic voting system ("remote e-voting") will be provided by NSDL as detailed hereunder:

- A) The remote e-voting period commences on Monday, 9th November, 2020 (9.00 a.m. IST) and ends on Wednesday, 11th November, 2020 (5.00 p.m. IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Thursday, 5th November, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- B) The facility for electronic voting system, shall also be made available at the 37th AGM. The Members attending the AGM, who have not cast their votes through remote e-voting, shall be able to exercise their voting rights at the AGM. The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the AGM.
- C) The process and manner for remote e-voting are as under:
- i) The Member(s) whose e-mail ID is not registered with the Company/RTA/Depository Participants, and they are not having their user ID and password, may obtain a login ID and password for casting his/her vote by remote e-voting by sending a request at **evoting@nsdl.co.in** or by contacting NSDL at the toll free no. **1800-222-990** mentioning their Demat Account No./Folio No.
 - ii) The Member(s) who receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/RTA/Depository) is advised to take the following steps for casting his/her vote by remote e-voting:

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

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

Step 1: Log-in to NSDL e-voting system at:
<https://www.evoting.nsdl.com>

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

Details on Step 1 are mentioned below:

- I. Visit the e-voting website of NSDL. Open web browser by typing the URL: **<https://www.evoting.nsdl.com>** either on a personal computer or on a mobile.
- II. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- III. A new screen will open. You have to enter your User ID, Password and a Verification Code as shown on the screen.

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

IV. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 114748 then user ID is 114748001***.

V. Your password details are given below:

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

- VI. If you are unable to retrieve or have not received the “Initial Password” or have forgotten your password:
 - a) Click on **“Forgot User Details/Password?”** (If you are holding shares in your demat account with NSDL or CDSL) option available on **www.evoting.nsd.com**.
 - b) **Physical User Reset Password?”** (If you are holding shares in physical mode) option available on **www.evoting.nsd.com**.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at **evoting@nsdl.co.in** mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
- VII. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- VIII. Now, you have to click on “Login” button.
- IX. After you click on the “Login” button, Home page of e-voting will open.

Details on Step 2 are given below:

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

- I. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
- II. After clicking on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
- III. Select “EVEN” of Rico Auto Industries Limited which is 114748.
- IV. Now you are ready for e-voting as the voting page opens.
- V. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
- VI. Upon confirmation, the message “Vote cast successfully” will be displayed.
- VII. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- VIII. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

- I. Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) are requested to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote and attend the AGM, to the Scrutinizer through e-mail at **kks445@gmail.com** with a copy marked to **evoting@nsdl.co.in**.

- II. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on **www.evoting.nsd.com** to reset the password.
- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of **www.evoting.nsd.com** or call on toll free no.: 1800-222-990 or send a request at **evoting@nsdl.co.in**.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password for e-voting for the resolutions set out in this notice:

- I. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **cs@ricoauto.in**.
- II. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **cs@ricoauto.in**.

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

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

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

- I. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access the same at **https://www.evoting.nsd.com** under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid

last minute rush. Further members can also use the OTP based login for logging into the e-voting system of NSDL.

- II. Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - III. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - IV. Shareholders who would like to express their views/ask questions during the meeting will be required to register themselves as speaker by sending their request from their registered e-mail ID, mentioning their name, DP ID and Client ID/Folio Number, Mobile Number etc. at cs@ricoauto.in by 5th November, 2020.
 - V. Only those Shareholders who have registered themselves as speaker by 05.00 PM on 5th November, 2020 will be able to speak at the meeting depending on availability of time.
 - VI. Further, Shareholders who would like to have their questions/queries responded during the AGM are requested to send such questions/queries in advance within the aforesaid date and time, by following similar process as stated above.
- D) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital in the Company as on cut-off date i.e. Thursday, 5th November, 2020.
 - E) A person, who acquire shares of the Company and become Member of the Company after the Company sends the Notice of 37th AGM by e-mail and holds shares on cut-off date i.e. Thursday, 5th November, 2020 may obtain login ID and password by sending a request at evoting@nsdl.co.in.
 - F) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through e-voting.
 - G) The e-voting process shall be conducted and scrutinized and report thereon will be prepared in accordance with the provisions of Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.
 - H) Shri K.K. Sachdeva, of M/s. K.K. Sachdeva & Associates, Company Secretaries (CP No.4721, FCS No.7153), has been appointed by the Board of Directors of the Company as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - I) The Chairman shall, at the AGM, at the end of discussion on the resolutions allow e-voting, for all those Members who are participating in the AGM but have not cast their votes through the remote e-voting facility.
 - J) The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, unblock the votes cast through remote e-voting in presence of 2 (two) witnesses, who are not in

employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a Consolidated Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

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

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

Item No.4

The Members had at the 32nd Annual General Meeting (AGM) held on 29th September, 2015 approved the payment of remuneration to the Non-Executive Directors of the Company, by way of commission not exceeding one per cent (1%) of the net profits of the Company subject to maximum limit of ₹70.00 lakhs (Rupees Seventy lakhs) in each financial year with effect from 1st April, 2015 to 31st March, 2020 in such manner as the Board of Directors may determine from time to time, which was further increased by the Members at their 35th AGM held on 29th September, 2018, from ₹70.00 lakhs (Rupees Seventy lakhs) to ₹1.00 Crore (Rupees One Crore only) for remaining two years upto financial year ending 31st March, 2020, within the overall limit of one per cent (1%) of the net profits as computed under Section 198 of the Companies Act, 2013.

The responsibility of the Non-Executive Directors has increased considerably over the years. Non-Executive Directors contribute their wealth of knowledge, strategies and experience to the business of the Company. In view of the dynamic changes in Company Law and the Corporate Governance Norms, the role and liabilities of Non-Executive Directors have significantly been increased and highlighted. There has been greater demand for competent Non-Executive Directors in recent times. In view of the onerous responsibilities undertaken and contribution made by the Non-Executive Directors, it has become incumbent on the Corporates to remunerate them appropriately.

The above approval as given by the Members was upto the financial year 31st March, 2020, Accordingly, it is proposed taking into account the role and responsibilities of the Directors as stated above, that the Directors of the Company (other than Executive Directors) be paid for each financial year, commencing from 1st April, 2020 upto the financial year ending on 31st March, 2025 a remuneration by way of commission not exceeding one per cent (1%) per annum of the net profits of the Company subject to a maximum of ₹1.00 Crore (Rupees One Crore only) computed in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder. The commission will be distributed amongst the Non-Executive Directors in accordance with the applicable provisions of the Companies Act, 2013. The commission shall be in addition to sitting fees payable to the Directors for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board.

All the Non-Executive Directors or their relatives are interested in the Resolution at Item No.4 to the extent of commission that may be received by them. The Key Managerial Personnel of the Company or their respective relatives are not interested in the aforesaid resolution.

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

Item No.5

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, appointed Ms. Sarita Kapur (DIN: 08848507) as an Additional Independent Director of the Company w.e.f. 28th August, 2020, for a term of five years and not liable to retire by rotation, subject to approval of the Members at the ensuing Annual General Meeting.

Ms. Sarita Kapur is Bachelor of Law from Faculty of Law, University of Delhi (1985-1988) and also Bachelor of Science from Miranda House, University of Delhi (1982-1985). She has around 28 years' Professional experience as a practicing lawyer.

Her practice is primarily focused on contractual and commercial matters; issues of public and private international laws; employment laws; personal laws; succession and trusts.

In the formative years (1988 to 1994) she was engaged as part of legal teams handling commercial and contractual disputes before courts of domestic and international arbitrations, including award enforcement proceedings before courts. She handled diverse disputes primarily in the Delhi High Court, relating to commercial and contractual matters, company law matters, arbitrations and a few matrimonial disputes. She was involved in handling an arbitration before the GAFTA (Grain and Feed Trade Association), London.

Since 1996, apart from the usual advice to various clients, she has been associated with several international and domestic disputes and arbitrations as part of the legal team representing clients in commercial disputes [public and private international law arbitration and Alternate Dispute Resolution (ADR) proceedings].

She also advises various High Commissions and Consulates on the position of Indian Law in relation to Private International Law on issues relating to various aspects of diplomatic immunity, immigration, personal laws (matrimony, succession, adoption, property) and employment laws. She was empaneled by the British High Commission for giving legal advice and assistance on Indian Laws to British nationals in India.

Mediation:

She is a Certified Mediator and empanelled as a Mediator with:

- i) the Mediation and Conciliation Panel, of the Regional Director, Northern Region, MCA, New Delhi, under the Companies (Mediation and Conciliation) Rules, 2016;
- ii) the Federation of Integrated Conflict Management, New Delhi.
- iii) accredited Mediator with the Chartered Institute of Arbitrators, UK.

Law Publications:

- i) She has assisted Mr. R.K.P. Shankardass, Senior Advocate in writing the India Chapter in the 2nd Edition of the Book "Dispute Resolution in India" by Michael Pryles, published by Kluwer Law International (2002).
- ii) She has served on the Editorial Board of the "Indian Advocate", the journal of the Bar Association of India as editorial assistant/joint editor for over 15 years.

Ms. Sarita Kapur is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 (the Act) and not debarred from holding the Office of Director pursuant to any SEBI Order. She has given her consent to act as Director alongwith declaration(s) that she meets with the criteria of independence as prescribed under Section 149 of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the

Listing Regulations). Further, she has also given a declaration affirming that she has registered herself with the Indian Institute of Corporate Affairs for lifetime and her name is appearing in the Independent Director's data bank and has also qualified the online Proficiency Self-Assessment Test conducted for independent directors by the Indian Institute of Corporate Affairs.

In the opinion of the Board, Ms. Sarita Kapur fulfills the conditions for appointment as an Independent Director as specified in the Act as well as in the Listing Regulations and is independent of the management. The Board of Directors at its meeting held on 28th August, 2020, on the recommendations of the Nomination and Remuneration Committee, considered that given to her knowledge and experience, her association would be of immense benefit to the Company and it is desirable to appoint Ms. Sarita Kapur as an Independent Director. It is therefore, proposed that Ms. Sarita Kapur be appointed as an Independent Director for first term of 5 (Five) consecutive years from 28th August, 2020 to 27th August, 2025.

A copy of the draft letter for appointment of Ms. Sarita Kapur as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the Members electronically on the basis of the request being sent to the Company through email at cs@ricoauto.in. The information/details about Ms. Sarita Kapur as required by the Regulation 36 of the Listing Regulations and Secretarial Standard-2 on General Meetings are given in Annexure-A.

Except Ms. Sarita Kapur, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution.

The Board therefore recommends the Ordinary Resolution as set out at Item No.5 of this Notice for your approval.

Item No.6

Shri Arun Kapur (DIN: 00100270) is the Joint Managing Director of the Company since May, 1985. Present terms of his appointment were approved by the Shareholders in their meeting held on 29th September, 2015 for five years w.e.f. 2nd May, 2015 to 1st May, 2020. The terms of his remuneration were also approved by the shareholders for a period of three years effective from 1st April, 2015 to 31st March, 2018. The terms of remuneration of Shri Arun Kapur from 1st April, 2018 to 1st May, 2020 were further approved by the Shareholders at 35th Annual General Meeting held on 29th September, 2018. The present terms of appointment and remuneration payable to Shri Arun Kapur, Joint Managing Director was upto 1st May, 2020. Shri Arun Kapur will attain the age of 70 (Seventy) years on 14th February, 2024.

In view of above, the terms of appointment and remuneration payable to Shri Arun Kapur, Joint Managing Director needs to be approved w.e.f. 2nd May, 2020. In terms of the provisions of sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, re-appointment of the Joint Managing Director and payment of remuneration to him requires approval of the shareholders.

Considering the enhanced responsibilities being undertaken by Shri Arun Kapur in the context of volume of business of the Company and to continue to avail his services for carrying out the business operations, your Board of Directors felt it appropriate, subject to your approval, to re-appoint Shri Arun Kapur as Joint Managing Director and pay remuneration as detailed in the resolution, which is commensurate with the responsibilities being undertaken by him. The Nomination and Remuneration Committee and the Board of Directors in their respective meetings held on 12th February, 2020 have considered, approved and recommended the re-appointment of Shri Arun Kapur

for a further period of five years effective from 2nd May, 2020 upto 1st May, 2025 and also terms of remuneration for further period of three years effective from 2nd May, 2020 upto 1st May, 2023, which is subject to your approval. Shri Arun Kapur is not debarred or disqualified from being appointed or continuing as Director of Companies by the SEBI, Ministry of Corporate Affairs or any other Statutory Authority.

In terms of Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended to date, the remuneration to Executive Directors who are Promoters and members of the Promoter Group, shall be subject to the approval of the shareholders by way of special resolution in general meeting, if it exceeds the threshold limits stipulated under the said regulations. Accordingly, approval of the Shareholders is also being sought for paying remuneration to Shri Arun Kapur, in the event it exceeds such prescribed threshold limits during the term of his appointment.

The Board, therefore, recommends the Special Resolution as set out at Item No.6 for your approval.

The Explanatory Statement together with the accompanying Notice should be treated as an Abstract of the Terms and Memorandum of Interest of the Directors under section 102 of the Companies Act, 2013.

Except Shri Arun Kapur, being appointee and Shri Arvind Kapur, being relative, none of the Directors, Key Managerial Personnel or their relatives, are interested or concerned, financially or otherwise, in the aforesaid resolution.

The particulars in accordance with the Schedule V of the Companies Act, 2013 are given below:

I. GENERAL INFORMATION

1. Nature of Industry

The Company is a part of Indian Auto Components Manufacturing Industry and is engaged in the business of manufacturing high precision fully machined aluminium and ferrous components and assemblies for Original Equipment Manufacturers (OEMs) across the globe.

2. Date of Commercial Production

Commercial production has already commenced.

3. Financial Performance

The financial performance of the Company (Audited) during the last five years is as under:

(₹ in Crores)

Financial Parameters	Year ended 31/03/2016	Year ended 31/03/2017	Year ended 31/03/2018	Year ended 31/03/2019	Year ended 31/03/2020
Total Revenue	990.05	1036.05	1118.25	1224.50	1226.27
Net Profit/(Loss) (As computed under Sec.198)	38.02	58.40	68.58	71.98	15.33
Net Profit as per Profit & Loss Account	27.07	47.71	49.64	48.76	16.58
Amount of dividend paid including tax	9.78	12.22	13.02	13.02	-
Rate of dividend declared	60% (₹0.60 per share) (Interim 50% and Final 10%)	75% Final Dividend (₹0.75 per share)	80% (₹0.80 per share) (Interim 40% and Final 40%)	80% (₹0.80 per share) (Interim 40% and Final 40%)	30% Final Dividend proposed

4. Financial Performance based on given indicators

The Company's sales are impacted corresponding to growth of Indian Auto Component Industry.

5. Foreign Investments or Collaborations, if any

Holding of FIIs/NRIs/OCBs/Foreign Companies in the Company as on 30th June, 2020 is 1.39%. The Company has no foreign collaboration as on date. The Company has two Foreign Wholly Owned Subsidiaries namely:

- Rico Auto Industries Inc., USA
- Rico Auto Industries (UK) Limited, U.K.

II. INFORMATION ABOUT THE APPOINTEE

1. Background Details

Shri Arun Kapur born on 14th February, 1954 is an Arts Graduate from Panjab University. He is the Co-Promoter of the Company and is presently the Joint Managing Director of the Company. Shri Arun Kapur has vast experience of more than four decades in the industry. He has been instrumental in the growth of the Company.

2. Past Remuneration

The remuneration drawn by Shri Arun Kapur during the past five years is as under:

Financial Year Ended	Amount (₹ in Crores)
31 st March, 2016	0.62
31 st March, 2017	0.87
31 st March, 2018	1.02
31 st March, 2019	0.65
31 st March, 2020	0.65

3. Recognition and Awards

He is also Director of the following Companies:

- Rico Castings Limited
- Meraki Manufacturing and Finvest Advisors Private Limited

He is member of the Committees of the following Companies:

- Rico Auto Industries Limited
 - Share Transfer Committee – Member
 - Stakeholders Relationship Committee – Member
 - Corporate Social Responsibility Committee – Member
 - Finance Committee – Member
- Rico Castings Limited
 - Audit Committee – Chairman
 - Nomination and Remuneration Committee – Chairman

4. Board Meeting Attended and Shareholding

He regularly attends the Board and Committee Meetings. During the year 2019-20 he attended all 4 (Four) Board Meetings and is holding 87,56,599 (6.47%) equity shares of ₹1/- each.

5. Job Profile & Suitability

Shri Arun Kapur, Joint Managing Director is vested with substantial powers of the Company under the superintendence, control and directions of the Board of Directors. He has contributed immensely in devising Company policies and strategies for long term development activities of the Company and under his leadership,

your Company has reached to its present position. Your Company has plants at Dharuhera, Gurugram, Haridwar, Bawal, Chennai and Sanand for Aluminium High Pressure Die Casting (HPDC) and the Ferrous Foundry at Gurugram, IMT Manesar, Halol and Pathredi. The other projects are also in pipe line. Considering the performance of existing projects and expansion plans, the Company is expected to register a growth in the years to come. He is devoting his full time in managing the business of the Company and is considered best suitable for the job.

6. **Remuneration proposed (02/05/2020 to 01/05/2023)**

As set out in the proposed Special Resolution at Item No.6.

7. **Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person**

The remuneration proposed to be paid to Shri Arun Kapur is in line with the remuneration paid to the managerial personnel in other companies engaged in the similar industry. At present he is looking after Company's plants at Dharuhera, Gurugram, IMT Manesar, Haridwar, Bawal, Halol, Chennai, Pathredi and Sanand, Five Subsidiary Companies and three Step-down Subsidiaries. Keeping in view of his job profile, position and responsibilities being undertaken by Shri Arun Kapur, remuneration being proposed is justified. The Nomination and Remuneration Committee while recommending the proposed resolution has taken into account all these factors.

8. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any**

Besides the remuneration proposed herein, Shri Arun Kapur has no other pecuniary relationship with the Company. He is related to Shri Arvind Kapur, Chairman, CEO & Managing Director of the Company.

III. OTHER INFORMATION

1. **Reasons of Loss or Inadequate Profits**

The Financial performance of the Company was impacted due to the slowdown in the Industry. Despite that, the Company has a consistent profit and dividend track record. The Company has earned a net profit of ₹16.58 Crores for the F.Y. 31st March, 2020. Currently, the Company is into growth phase and investing on additional capacity and technical knowledge build up.

2. **Steps taken or proposed to be taken for improvement**

The Company is taking series of strategic and operational measures to tackle the adverse market scenario and to improve the profitability. Steps are being taken to reduce cost of inputs and increase the productivity and profits.

3. **Expected increase in Productivity and Profits in Measurable Terms**

The aforesaid steps being taken by the Company would increase the productivity and profits of the Company. The Company would continue its endeavour to increase the revenues to improve the profitability in the coming years.

IV. Disclosures

The requisite disclosures of remuneration package etc. have been mentioned in the Special Resolution at Item No.6 of the Notice of 37th AGM. At present, there is no stock option scheme available in the Company. The Disclosures are regularly provided in the Annual Report.

Item No.7

Pursuant to the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Board, based on the recommendation of the Audit Committee, at its meeting held on 28th August, 2020, has approved the appointment of M/s. J. K. Kabra & Co., Cost Accountants (Firm Registration No. 000009) as the Cost Auditors of the Company for the financial year 2020-21 on a total remuneration of ₹1.50 lakhs (Rupees One lakh fifty thousand only) plus applicable tax and out of pocket expenses. The remuneration payable to the Cost Auditors is required to be ratified by the Shareholders in accordance with the provisions of the Act and Rules made thereunder. Accordingly, the consent of the Members is being sought for ratification of the remuneration payable to Cost Auditors for the financial year 2020-21.

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

The Board, therefore, recommends the Ordinary Resolution as set out at Item No.7 for your approval.

Item No.8

M/s. Rico Aluminium and Ferrous Auto Components Limited (RAFA) having CIN:U34300HR2008PLC037956 is a step-down subsidiary of Rico Auto Industries Limited and is a 'Related Party' within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 2 (zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

In terms of the Regulation 23(4) of the SEBI (LODR) Regulations, 2015, all material related party transactions shall require approval of the Shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to a particular transaction or not.

For this purpose, the term "Material Transaction" means any transaction entered either individually or taken together with previous transactions during a financial year, that exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Moreover, the estimated value of the transactions relating to ongoing sale, purchase or receipt of products, goods and materials, machinery, tools & dies or availing or rendering of services and leasing of property of any kind (movable or immovable) with RAFA during the financial year 2020-21 are likely to exceed the threshold prescribed under Explanation to Regulation 23(1) of the SEBI (LODR) Regulations, 2015 and will be considered material and therefore would require approval of the Shareholders of the Company by way of an Ordinary Resolution.

The particulars of the Contracts/Arrangements/Transactions pursuant to sub-rule (3) of Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

Name of Related Party: M/s. Rico Aluminium and Ferrous Auto Components Limited.

Name of Director or Key Managerial Personnel who is related:

Except to the extent of their shareholding interest, if any, none of the Directors, Key Managerial Personnel or their relatives, is interested or concerned, financially or otherwise, in the aforesaid resolution.

Nature of Relationship: M/s. Rico Aluminium and Ferrous Auto Components Limited is step-down subsidiary of M/s. Rico Auto Industries Limited.

Material Terms of the Contract/Arrangements/Transactions:

Sale, purchase, or receipt of products, goods and materials, machinery, tools & dies or availing or rendering of services and leasing of property of any kind (movable or immovable) are in the ordinary course of business and on arm's length basis.

Monetary Value: In respect of M/s. Rico Aluminium and Ferrous Auto Components Limited, it is likely to go up to an amount of ₹500.00 crores (Rupees Five hundred crores only) in the financial year 2020-21.

Any other information relevant or important for the Members to make decision on proposed Transaction:

The proposed contracts/transactions/arrangements with the above mentioned related party have been approved by the Audit Committee and by the Board of Directors of the Company in their respective meetings held on 12th February, 2020 and recommended the same to the Shareholders for their approval.

The Board, therefore, recommends the Ordinary Resolution as set out at Item No.8 for your approval.

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

B.M. Jhamb

Company Secretary
FCS No. 2446

Place : Gurugram
Date : August 28, 2020

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

Name of the Director	Shri Arun Kapur	Smt. Upasna Kapur	Ms. Sarita Kapur
DIN	00100270	00327461	08848507
Date of Birth	14 th February, 1954	20 th March, 1961	29 th October, 1964
Date of First Appointment on the Board	10 th March, 1983	19 th June, 2015	28 th August, 2020
Qualifications	B.A.	M.A. (English)	B.Sc., LL.B.
Expertise in Specific Functional Area	He has vast experience of more than four decade in Engineering Industry particularly in marketing, export and administration.	She has an experience of about 30 years in policy formulation, Managerial, Industrial and Administrative fields to her credit.	She has around 28 years Professional experience as a practicing lawyer.
List of Directorships in other Companies	1. Rico Castings Limited 2. Meraki Manufacturing and Finvest Advisors Private Limited	1. Rico Jinfei Wheels Limited 2. Higin Investments Private Limited 3. Ishvara Manufacturing and Finvest Advisors Private Limited	Nil
Chairman/Member of the Committee of the Board of Directors of Public Companies	1. Rico Auto Industries Limited Member of: i) Corporate Social Responsibility Committee ii) Share Transfer Committee iii) Stakeholders Relationship Committee iv) Finance Committee 2. Rico Castings Limited Chairman of: i) Audit Committee ii) Nomination & Remuneration Committee	Nil	Nil
Shareholding in the Company	87,56,599 (6.47%) Equity Shares of ₹1/- each.	34,53,384 (2.55%) Equity Shares of ₹1/- each	Nil
Remuneration Last drawn (During the year 2019-20)	₹64.65 lakhs	₹4.23 lakhs (inclusive of sitting fee)	Not Applicable
Relation with other Directors of the Company	Shri Arun Kapur is brother of Shri Arvind Kapur	None	None
No. of Board Meeting Held/ Attended during the year 2019-20	4/4	4/3	Not Applicable

(Refer Note 11 of the Notice of 37th AGM)

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

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

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

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

All Members are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Company, by 5th November, 2020. Please note that these details as available on Record Date will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

- I. Valid Permanent Account Number (PAN).
- II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2020-21.
- III. Category of the Member:
 - i. Mutual Fund
 - ii. Insurance Company
 - iii. Alternate Investment Fund (AIF) Category I and II
 - iv. AIF Category III
 - v. Government (Central/State Government)
 - vi. Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company
 - vii. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
 - viii. Individual
 - ix. Hindu Undivided Family (HUF)
 - x. Firm
 - xi. Limited Liability Partnership (LLP)
 - xii. Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person (AJP)
 - xiii. Trust
 - xiv. Domestic Company
 - xv. Foreign Company.
- IV. Email Address.
- V. Address.

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

Members are requested to take note of the TDS rates and document/s, if any, required to be submitted to the Company by 5th November, 2020 for their respective category, in order to comply with the applicable TDS provisions.

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

- v. **Approved Superannuation Fund:** No TDS is required to be deducted as per Circular No. 18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.
- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No. 18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.
- vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.
- viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.
- ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.
- x. **Other Resident Members:**
 - a) TDS is required to be deducted at the rate of 7.5% u/s 194 of the IT Act.
 - b) No TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to individual shareholder does not exceed ₹5,000 (Rupees Five Thousand only).
 - c) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).
 - d) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the shareholder is not available.
 - e) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.

II. For Non-resident Members:

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

Details and/or documents as mentioned above in Section 1 and Section 2, as applicable to the Member, need to be sent, duly completed and signed, through registered email address of the Member with PAN being mentioned in the subject of the email to reach by 5th November, 2020. Please note that no communication this regard, shall be accepted post 5th November, 2020.

Section 3: Other general information for the Members:

- I. For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being sent/accepted by email, the Member undertakes to send the original document/s on the request by the Company.
- II. In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Record Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person.
- III. TDS deduction certificate will be sent to the Members' registered email address in due course.

IV. Surcharge rates applicable for financial year 2020-21 for non-residents:

a. Non-resident (other than FII & FPI):

(i) Individual, HUF, AOP, BOI, AJP, Trust

Dividend Income	Rate
Upto ₹50 lakhs	Nil
Income exceeds ₹50 lakhs but does not exceed ₹1 crore	10%
Income exceeds ₹1 crore	15%

(ii) Co-operative society or Firm

Aggregate Income	Rate
Income exceeds ₹1 crore	12%

(iii) Foreign Company

Aggregate Income	Rate
Income exceeds ₹1 crore but does not exceed ₹10 crores	2%
Income exceeds ₹10 crores	5%

b. FII & FPI:

(i) Individual, HUF, AOP, BOI, AJP, Trust

Aggregate Income	Rate
Upto ₹50 lakhs	Nil
Income exceeds ₹50 lakhs but does not exceed ₹1 crore	10%
Income exceeds ₹1 crore but does not exceed ₹2 crores	15%
Income exceeds ₹2 crores but does not exceed ₹5 crores	25%
Income exceeds ₹5 crores	37%

(ii) Firm

Aggregate Income	Rate
Income exceeds ₹1 crore	12%

(iii) Foreign Company

Aggregate Income	Rate
Income exceeds ₹1 crore but does not exceed ₹10 crores	2%
Income exceeds ₹10 crores	5%

V. Normal dividend/s declared in the preceding financial year 2019-20 would be considered as the basis to determine applicability of the surcharge rate.

VI. Health and Education Cess of 4% is applicable for financial year 2020-21 for non-residents.

VII. Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of Members on the Book Closure Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.

VIII. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.

IX. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

Note:

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

(Refer Section 2(11)(iii)(b)(4) of above Communication on TDS on Dividend Distribution)

ANNEXURE 1**FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA**

Date:.....

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

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

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

1. I / We,..... <Full name of the shareholder>, having permanent account number (PAN) under the Indian Income tax Act, <mention PAN >, and holding <mention number of shares held> number of shares of the Company under demat account number/ folio number as on the Cut off date 5th November 2020, am/are a tax resident of..... <country name> in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a ‘resident’ of India under section 6 of the Indian Income-tax Act, 1961 (“the IT Act”). A copy of the valid tax residency certificate for <period>, which is valid as on the Record Date, is attached herewith.
2. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and meet all the necessary conditions to claim treaty rate.
3. I/We am/are the legal and beneficial owner of [No. of Shares] shares held in the Company. Further, I/We am/are the beneficial owner of dividend income to be received from the Company in respect of aforementioned shares.
4. I/We am/are tax resident of <mention country of tax residency> and assessed therein as a tax resident and I/We am/are not a fiscally transparent entity.
5. I/We do not have a Permanent Establishment (“PE”) in India in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to me/us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.
6. I/We do not have a PE in a third country and the amounts paid/payable to me/us, in any case, are not attributable to a PE in third jurisdiction, if any, which may have got constituted otherwise.
7. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/payable to me/us, in any case, are not attributable to business operations, if any, carried out in India.

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

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

For <Mention the name of the payee>

Authorised Signatory

<Name of the person signing>

<Designation of the person signing>

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 37th Annual Report of your Company, together with the Audited Financial Statements for the year ended 31st March, 2020.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Standalone		Consolidated	
	Current Year 2019-20	Previous Year 2018-19	Current Year 2019-20	Previous Year 2018-19
Total Revenue	1226.27	1224.50	1423.78	1412.06
Profit before Interest, Depreciation and Exceptional Items	106.00	142.53	136.46	166.22
Interest and Financial charges	27.18	23.14	31.20	26.79
Profit before Depreciation, Exceptional Items and Tax	78.82	119.39	105.26	139.43
Depreciation	59.96	43.83	79.57	57.70
Profit before Exceptional Items and Tax	18.86	75.56	25.69	81.73
Exceptional Items	5.21	9.13	6.79	9.60
Profit before Tax (PBT)	13.65	66.43	18.90	72.13
Tax Expense	(2.93)	17.67	2.22	21.10
Profit after Tax	16.58	48.76	16.68	51.03
Other Comprehensive Income/(Loss) (net of tax)	(5.64)	(0.45)	(4.36)	0.90
Total Comprehensive Income	10.94	48.31	12.32	51.92

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Company has recorded a Total Revenue of ₹1226.27 crores in the year under report as against ₹1224.50 crores in the previous year. Your Company has earned a Profit after Tax (PAT) of ₹16.58 crores during the year under report over the previous year's profit of ₹48.76 crores.

The Aftermarket Division of your Company caters the two-wheeler and four-wheeler segment. The Company has established a strong network of dealers and distributors in India, Nepal, Sri Lanka and Bangladesh. During the financial year 2019-20, a turnover of ₹23.00 crores has been achieved by this Division. In spite of two months lockdown due to COVID-19, Aftermarket Division has an optimistic target to achieve sales of ₹30.00 crores in the current financial year 2020-21.

DIVIDEND

Your Directors have recommended a Dividend @ 30 per cent i.e. ₹0.30 per Equity Share of ₹1/- each for the financial year 2019-20 amounting to ₹4.06 crores on the equity share capital of ₹13.53 crores as against a dividend of 80 per cent (40% Interim and 40% Final) i.e. ₹0.80 per Equity Share of ₹1/- each aggregating to ₹12.33 crores including dividend tax of ₹1.51 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, 2020 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 ₹310.49 crores as against ₹298.39 crores in the previous year.

The export turnover includes sales to wholly owned subsidiaries amounting to ₹131.04 crores as against ₹198.51 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 within the Management Discussion and Analysis section of this report.

OUTLOOK FOR CURRENT YEAR

Your Company's operations were impacted during the lockdown imposed from 21st March, 2020 by the State Government and nationwide lockdown imposed from 25th March, 2020 up to end of April 2020 by the Central Government due to unprecedented conditions of Covid-19 Pandemic. The operations of the Company were resumed in the month of May 2020 in phased manner after adhering the safety norms prescribed by Central Government, State Government and the concerned Local Authorities. The sales started picking up in the month of June 2020, accordingly, the first quarter ended 30th June, 2020, recorded a gross revenue of ₹131.12 crores as against the gross revenue of ₹312.11 crores in the corresponding quarter of the previous year. Consequently, the Loss stood at ₹14.70 crores for the first quarter as against Profit after Tax of ₹6.27 crores in the corresponding quarter of the previous year.

On account of demand recovery in Rural and Semi-urban markets, the current volume of auto sales has ramped up from June 2020 onwards which resulted in increase of production volumes and the sales of the Company in first two months of the second quarter. In

line with increased demand, a recovery is expected in the remaining period of FY 2020-21 to offset the 1st quarter business loss. 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.

The Board of Directors have approved investment in M/s. Metalart Friction Private Limited (CIN: U29100HR2018PTC073338) which is in the business of manufacturing Friction Materials for Clutch and other applications up to an amount of ₹76.80 lakhs by way of purchasing Equity Shares from its existing promoter shareholders and also by subscribing to the future issues of Equity Share Capital by the Company to the extent of its 80 percent of the Equity Share Capital. Consequent to the aforesaid Investment, it will become a subsidiary of your Company and the control will vest with your Company.

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

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 ₹138.54 crores during the financial year ended 31st March, 2020 as against ₹140.47 crores in the previous year.

The Company earned a net profit after tax of ₹1.22 crores in the financial year ended 31st March, 2020 as against ₹1.54 crores in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2020.

This Subsidiary has achieved a gross turnover of ₹17.24 crores for the first quarter ended 30th June, 2020 as against ₹34.27 crores in the corresponding quarter of the previous year. The Company incurred a loss of ₹0.65 crore for the first quarter ended 30th June, 2020 as against ₹0.15 crore profit 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 ₹5.85 crores during the financial year ended 31st March, 2020 as against ₹97.34 crores in the previous year. This drop in sales is primarily due to direct billing to customers which was started to counter the impact of duties and taxes after removal of Generalized System of Preferences (GSP) on Indian Auto Parts. The sales to European Union (EU) which were earlier routed through this Company has actually grown in this period by almost 9 per cent to ₹106.00 crores. The Company, therefore, incurred a loss of ₹0.34 crore in the financial year ended 31st March, 2020 as against profit of ₹0.60 crore in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2020.

This Subsidiary has achieved a gross turnover of ₹1.22 crores for the first quarter ended 30th June, 2020 as against ₹2.34 crores in the corresponding quarter of the previous year. The Company earned a profit of ₹0.06 crore for the first quarter ended 30th June, 2020 as against ₹0.01 crore loss in the corresponding quarter of the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

C. AAN Engineering Industries Limited

AAN Engineering Industries Limited (AAN) 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, Machining and Assembly, supported by CAD, CAM, CAE and R&D testing facilities. AAN works with a wide range of Raw Materials - namely Aluminum Alloy, Alloy Steel & High Manganese Steel & Raw Material/Castings as required by Client.

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

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

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

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

During the year under review, the Company has earned a total revenue of ₹1.97 crores against ₹4.19 crores in the last year. During the year, the Company has incurred a loss of ₹1.95 crores as against a loss of ₹1.40 crores in the previous year.

This Subsidiary has earned a total revenue of ₹0.52 crore in the first quarter ended 30th June, 2020 as against ₹1.89 crores in the corresponding quarter of the previous year. The Company incurred a loss of ₹0.38 crore for the first quarter ended 30th June, 2020 as against ₹0.55 crore loss in the corresponding quarter of the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

D. Rico Fluidtronics Limited

This Company, during the year under review, has recorded a total revenue of ₹80.85 crores as against ₹94.15 crores in the previous year. This Company has earned a profit of ₹7.18 crores in the financial year ended 31st March, 2020 as against ₹6.31 crores in the previous year.

This Company has paid an Interim Dividend of Thirty paisa (₹0.30) per Equity Share of ₹10/- each, amounting to ₹1.27 crores excluding dividend tax of ₹0.26 crore on 3rd August, 2019. In addition, the Board of this Company has recommended a Final Dividend of ₹1.00 per Equity Share of ₹10/- each for the financial year 2019-20. If approved, total dividend (interim and final) will amount to ₹5.49 crores excluding dividend tax of ₹0.26 crore as against dividend of ₹5.28 crores excluding dividend tax of ₹1.09 crores in the previous year on the same Equity Share Capital. Your Company and step down subsidiary, namely Rasa Autocom Limited expects to receive an amount (after TDS) of ₹1.99 crores and ₹1.92 crores respectively by way of dividend on their investment.

This Company has recorded a total revenue of ₹6.07 crores for the quarter ended 30th June, 2020 as against ₹20.64 crores in the corresponding quarter of the previous year. The Company has incurred a loss of ₹0.60 crore for the quarter ended 30th June, 2020 as against ₹1.75 crores profit in the corresponding quarter of the previous year.

Further, this Company has made an investment of ₹9.50 crores by way of 95 lakhs equity shares having face value of ₹10/- each at par in the equity share capital of Rico Jinfei Wheels Limited. Consequently, it has become an associate of this Company.

This Company has received new business from Maruti Suzuki for supplies from FY 2021-22.

E. Rico Investments Limited

During the year under review, this Company has recorded a total revenue of ₹5.94 crores as against ₹5.90 crores in the previous year. This Company has earned a profit of ₹4.24 crores in the financial year ended 31st March, 2020 as against ₹4.04 crores in the previous year.

This Subsidiary has achieved a total revenue of ₹1.29 crores for the first quarter ended 30th June, 2020 as against ₹1.23 crores in the corresponding quarter of the previous year. The Company earned a profit of ₹0.85 crore for the first quarter ended 30th June, 2020 as against ₹0.79 crore profit in the corresponding quarter of the previous year.

This Company has recommended a Dividend @ 3 per cent i.e. @ ₹0.30 per Equity Share of ₹10/- each for the financial year 2019-20. If approved, the total dividend will amount to ₹3.56

crores as against a dividend of 2 per cent (interim and final) i.e. ₹0.20 per Equity Share of ₹10/- each aggregating to ₹2.48 crores including dividend tax of ₹0.29 crore in the previous year on the same Equity Share Capital. Your Company expects to receive an amount of ₹3.48 crores by way of dividend on its investment.

During the period under review, your Company has purchased 10,00,000 equity shares of ₹10/- each of this Subsidiary Company from its existing shareholder. After this purchase the total stake of the Company stood at 97.73 percent in the total paid-up Equity Share Capital of this Subsidiary Company.

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 total revenue of ₹193.63 crores as against ₹253.54 crores in the previous year. This Company has incurred a loss of ₹9.18 crores as on 31st March, 2020 as against the profit of ₹1.09 crores in the previous year. Further, this Company has recorded a total revenue of ₹13.98 crores for the quarter ended 30th June, 2020 as against ₹52.99 crores in the corresponding quarter of the previous year. The Company has incurred a loss of ₹6.34 crores for the quarter ended 30th June, 2020 as against the loss of ₹2.33 crores in the corresponding quarter of the previous year.

This Company has not recommended any dividend for the financial year 2019-20. However, this Company has paid a dividend (2% Interim and 2% Final) @ 4 percent i.e. ₹0.40 per Equity Share of ₹10/- each, amounting to ₹2.22 crores including dividend tax of ₹0.38 crore for the financial year 2018-19.

To achieve synergy in operations, this Company shifted its manufacturing facility from Manesar Plant which was running in a rented premises and the machines therein have been shifted to its Gurugram Plant and surplus machines were disposed off to Group Companies in December 2019.

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 ₹72.54 crores during the financial year ended 31st March, 2020 as against ₹53.14 crores in the previous year. The Company has earned a profit of ₹6.57 crores in the financial year ended 31st March, 2020 as against the profit of ₹1.52 crores in the previous year. The Company has received an Interim Dividend of ₹0.62 crore on 3rd August, 2019 and expects to receive a final dividend of ₹1.92 crores on its investment from Rico Fluidtronics Limited for the financial year 2019-20.

This Subsidiary has achieved a gross turnover of ₹9.57 crores for the first quarter ended 30th June, 2020 as against ₹14.81 crores in the corresponding quarter of the previous year. The Company has incurred a loss of ₹0.17 crore for the quarter ended 30th June, 2020 as against ₹2.30 crores profit in the corresponding quarter of the previous year.

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

This Company has recorded a gross turnover of ₹119.73 crores during the financial year ended 31st March, 2020 as against ₹136.54 crores in the previous year. This Company has earned a profit of ₹0.61 crore in the financial year ended 31st March, 2020 as against the loss of ₹7.62 crores in the previous year.

Further, this Company has recorded a gross turnover of ₹10.30 crores for the quarter ended 30th June, 2020 as against ₹33.06 crores in the corresponding quarter of the previous year. The Company has incurred a loss of ₹2.62 crores for the quarter ended 30th June, 2020 as against ₹0.22 crore profit in corresponding quarter of the previous year.

This Company has received new orders from Hero Motocorp Limited to supply alloy wheels. This will help to almost double the turnover and better utilization of current equipments without major investment.

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

MATERIAL CHANGES AND COMMITMENTS

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

There were no material changes and commitments affecting the financial position of the Company occurring between 31st March, 2020 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 11th May, 2020, 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-/RWN
INR 3330m Term Loans/Letter of Credit	IND A-/RWN
INR 2450m Fund and Non-Fund Based Working Capital Limits	IND A-/RWN,
Short Term	IND A2+/RWN

RWN = Rating Watch Negative

Above specified ratings being latest one and published on 11th May, 2020.

The above credit ratings are being reviewed.

FIXED DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

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

RISK MANAGEMENT

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

SECRETARIAL STANDARDS

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the requirements of Section 135 of the Companies Act, 2013, the amount to be spent during the financial year 2019-20, worked out to be ₹122.48 lakhs. The Company has spent an amount of ₹140.13 lakhs including ₹17.65 lakhs on voluntary basis towards the CSR activities/projects as specified in CSR policy of the Company during the financial year 2019-20. The CSR activities of the Company are being monitored by the CSR Committee. The focus area of CSR activities is as per Schedule VII of the Companies Act, 2013.

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

VIGIL MECHANISM

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

RELATED PARTY TRANSACTIONS AND MATERIAL SUBSIDIARIES

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

These Policies are available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>. All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis and prior approval of the Audit Committee was sought for entering into related party transactions. The details are provided in Form AOC-2 which is annexed and forms part of this Report. As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a return has been filed with BSE/NSE. Please also refer Note 42 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 2020-2021.

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)

The Directors regret to inform about the sad and sudden demise of Shri Rakesh Kapur, Non-Executive Director of the Company on 30th December, 2019. The Directors record their very sincere appreciation of the valuable services rendered by him during his long tenure.

In accordance with the provisions of the Companies Act, 2013, Smt. Upasna Kapur, Director (DIN: 00327461), of the Company will retire by rotation at the forthcoming AGM and who being eligible, offers herself for re-appointment. A brief resume of Smt. Upasna Kapur is given in the Notice of the AGM.

The Board, based on the recommendation of Nomination and Remuneration Committee, has appointed Ms. Sarita Kapur

(DIN: 08848507) as an Additional Independent Director of the Company w.e.f. 28th August, 2020, for a term of five years, not liable to retire by rotation. The Resolution pertaining to her appointment is being placed for your approval in the ensuing Annual General Meeting.

The Board has re-appointed Shri Arun Kapur (DIN: 00100270) as Joint Managing Director for a further period of five years commencing from 2nd May, 2020 up to 1st May, 2025 and terms of remuneration for further period of three years effective from 2nd May, 2020 up to 1st May, 2023. The Resolution for his re-appointment and remuneration is being placed for your approval in the ensuing Annual General Meeting.

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

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

All Independent Directors of the Company have given declarations confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations, 2015 and they have further confirmed compliance with the code for Independent Directors as prescribed in the Schedule IV to the Companies Act, 2013.

Further a declaration has been received from all Independent Directors pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, affirming that they have registered themselves with the Indian Institute of Corporate Affairs in the Independent Director's Data Bank. As per the said Rule 6 all the Independent Directors are exempted from passing the online proficiency self-assessment test, except Shri Vinod Kumar Nagar who has yet to pass the same by 23rd February, 2021.

BOARD MEETINGS

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

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have carried out the annual evaluation of its own performance, the Individual Directors including the Chairman as well as the evaluation of the working of its Committees. The evaluation of Board as a whole and Non-Independent Directors including Chairman was done by the Independent Directors in their meeting held on 12th February, 2020. The manner, in which the evaluation has been carried out, has been explained in the Corporate Governance Report.

BUSINESS RESPONSIBILITY REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts for the financial year ended 31st March, 2020, 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, 2020 and of the profit for the year 1st April, 2019 to 31st March, 2020;
- 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, 2020 have been prepared on a going concern basis;
- v) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATUTORY AUDITORS

M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) were re-appointed as Statutory Auditors of your Company at 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 Chandio & Co LLP, Chartered Accountants confirming their eligibility to continue as Auditors of the Company.

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

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

INTERNAL AUDITORS

M/s. SCV & Co. LLP, Chartered Accountants (Firm Registration No. 000235N/ N500089), the Internal Auditors retired on completion of Internal Audit for the financial year 2019-20. The Board places on record its appreciation for valuable contributions made by them during their long association of eight years with your Company.

The Board on the recommendation of the Audit Committee has appointed M/s. Protiviti India Member Private Limited as the Internal Auditors of the Company for the Financial Year 2020-21.

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, Delhi as Cost Auditors to carry out the cost audit of the Company for the financial year 2020-21. 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 2019-20 would be filed with the Ministry of Corporate Affairs, 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 2020-21. The Secretarial Audit Report for the financial year ended 31st March, 2020 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. The Secretarial Audit of RIL and RAFA for the Financial Year 2019-20 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report of RIL and RAFA submitted by Shri Deepak Bansal, Practicing Company Secretary, do not contain any qualification, reservation or adverse remark or disclaimer.

ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the Financial Year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Shri K.K. Sachdeva, Practicing Company Secretary has been submitted to the Stock Exchanges timely for the Financial Year 2019-20.

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 2019-20, had transferred 103544 shares pertaining to the financial year 2011-12 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 2019-20 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 behavior of sexual harassment at workplace. The Policy for the same is placed on the intranet for the benefit of its employees. There were no complaints received from any employee during the year under review.

PERSONNEL

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014 is given in the Annexure forming part of this Report. The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and forming part of this Report for the year ended 31st March, 2020 are set out in the Annexure of this Report.

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

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

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

Place: Gurugram
Date : August 28, 2020

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, 2020

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 LED Lights in place of Conventional Lights.
- b) Installation of variable speed drives for the reduction in energy consumption.
- c) Installation of LT Capacitor for improving power factor near to unity.
- d) 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

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

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

iii) Capital Investment on Energy Conservation Equipment

No capital investment has been made during 2019-20.

B. Technology Absorption

i) Efforts made towards technology absorption

- a) Development of Engine Blocks by High Pressure Die Casting, trials conducted, deployed dedicated casting cells to get finish parts.
- b) Development of high tonnage transmission parts by Aluminum High Pressure Die Casting, trials conducted, deployed dedicated casting cells to get finish parts.
- c) Development of various BS VI Engine & Transmission Parts by Aluminum High Pressure Die Casting, trials conducted and production started.

- d) Horizontal Deployment of automation in casting & machining operation by using Robots, several projects taken, consultation with domain experts sought, trials conducted.
- e) Development of paper type friction material for clutches for import substitution, in house R&D and testing done.
- f) Development of clutch for Two wheelers, consultation with domain experts sought, CAE simulation done, testing conducted, new material identified and developed in India.
- g) Developing the Special Purpose Machine (SPM) for transmission parts, explored various available solutions, various trials conducted.
- h) Developing new products, various improvements alternatives were analyzed and optimized with the help of casting process simulation software.
- i) Enhancing capacity of Electric Vehicle Parts, various options of product & process improvement explored and deployed for Cycle Time (CT) and Overall Equipment Effectiveness (OEE) improvement.

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

- a) Development of High Tonnage Transmission Parts – In house development of tooling in short time and on time delivery samples will result in new business opportunity.
- b) Development of Two Wheeler Clutch – In house development will result in cost reduction and Import substitution and increase in share of business.
- c) Development of Paper type friction material – In house development of paper type friction material will result in cost reduction and import substitution and increase in share of business.
- d) Automation will result in Productivity and Product Quality consistency.
- e) Cycle Time Improvement will result in Productivity and cost reduction
- f) 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 31.03.2020	- ₹26.29 crores
b) Capital Expenditure during the year 2019-20	- ₹4.05 crores
c) Capital Work-in-Progress at the end of FY 2019-20	- ₹0.01 crore
d) Recurring Expenditure	- ₹13.35 crores
e) Depreciation	- ₹1.29 crores
f) Total (b to e)	- ₹18.70 crores
g) Total R&D expenditure as percentage to total turnover	- 1.57%

C. **Foreign Exchange Earnings and Outgo**

Total foreign exchange used and earned:

(₹ in Crores)

Particulars	2019-2020	2018-2019
i) Expenditure in foreign currency	43.38	16.03
ii) Foreign Exchange earned	297.57	258.63

On behalf of the Board of Directors

Place: Gurugram
Date : August 28, 2020**Arvind Kapur**
Chairman, CEO &
Managing Director
(DIN: 00096308)

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS

1. ECONOMIC OVERVIEW

1.1 Global Economic Overview

FY2020 witnessed as the year of Global Economic meltdown. Trade disruptions between US and China, deceleration in manufacturing sector along with Brexit concern has adversely impacted the growth outlook. In conjunction to this, outbreak of the COVID-19 pandemic worldwide has further worsened the global economic growth projections. It is very likely that the economic impact of coronavirus crisis can be compared to Great Depression that ravaged both advanced and Emerging Market & Developing Economies (EMDE) for at least four long years, when global GDP fell by 15 per cent between 1929 and 1932. On similar lines, the COVID-19 outbreak resulted in severe and sluggish economic conditions. The global economy is projected to contract sharply by 3 per cent in 2020 (according to IMF and World Economic outlook April 2020).

Though COVID-19 lockdown has severely impacted labour productivity and manufacturing output but we have also noted decline in key commodities prices that form the important components of the cost structure. We are expected to benefit from lower RM costs. Even though the outcome of challenging situation is still speculative but across the world, governments and central banks have responded to the pandemic crisis proactively. It is imperative for countries to collectively resolve their trade disagreements and the resulting high policy uncertainty, rather than raising harmful barriers further and slowing down already sluggish global economy. Further, in light of the vast array of liquidity and fiscal support extended by the banks, we assume the pandemic will fade in second half of 2020 and global economy is projected to be back on trajectory with growth rate of 5.8 per cent in 2021 as economic activity normalizes. (according to IMF and World Economic outlook April 2020).

1.2 Indian Economic Scenario

The COVID-19 pandemic imposed fresh challenges to Indian economy in fourth quarter of FY 2020. Real GDP growth in January-March 2019 was 5.9 per cent; then fell to 5.6 per cent in April-June 2019; further declined to 5.1 per cent in July-September 2019; followed by growth of 4.7 per cent in October-December 2019. Nonetheless, considering the Nationwide Lockdown, projected increase in the growth rate in Q4 FY2020 can hardly be expected. On 29th May, 2020, the Government of India's Central Statistical Office (CSO) formally released GDP growth data for FY2020 and Q4 FY 2020. The results reflected sheer disappointment and were lower than initially predicted. Growth in GDP for FY 2020 was 4.2 per cent, which was a record low of 11 years.

Before the onset of global pandemic, the government and RBI had already started addressing the trade concerns impacting key sectors. The GDP growth rate had been updated downwards by both the Reserve Bank of India (RBI) and the Government of India's Central Statistical Office (CSO) before the COVID-19 lockdown. The RBI revised its forecast of GDP growth during the year from 7.2 per cent in February 2020 to 5.0 per cent. In the spirit, CSO's second forecast of national revenue for FY2020 released on 28th February, 2020 pegged

GDP growth for FY2020 at 5.0 per cent compared to 6.1 per cent in FY2019; and Gross Value Added (GVA) growth at 4.9 per cent in FY2020 compared to 6.0 per cent in FY2019. Indian government's focus on structural policy creation and modification alongside RBI efforts to meet liquidity crunch has paved the way for supporting our economy. Besides rigorous efforts are also made in the direction to swiftly offset the pandemic-induced disruptions. To induce liquidity in the economy as well to strengthen support to lives and livelihoods, government has announced INR 20 lakh crore fiscal stimulus package. Supportive monetary measures such as reduction of policy repo rates, lowered reserve requirements for auto loans, lending to MSMEs and allowing banks some flexibility as well as delaying classification of commercial real estate loans, have provided the much-needed relief to the key economic sectors. India was not alone in this growth slowdown. The engine sputtered in China as well.

Outlook

World Bank forecasted that in 2020, world GDP (World Gross Domestic Product) will fall by 5.2 per cent. Weaker growth is likely to be experienced across developed and emerging economies of the world. The economic impact and subsequent recovery from COVID-19 could not be adequately gauged and would rely on multiple factors such as containment-driven recovery, supply chain disruption, lockdown impact and the related effects. Continued COVID-19 spread could adversely affect global workforce, customers, economies and financial markets, potentially leading to further economic downturn.

Even months before the COVID-19 outbreak, global automakers were becoming increasingly interested in locating critical component manufacturing. With the escalating tariff war between the US and China, trade tensions were at their peak, resulting in a broader nationalistic spirit that arose in some other countries too.

The intensification of protectionism had become a clear and present challenge for multinational auto operators to contend with through targeted financial trade barriers.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

2.1 Global Automobile Industry

The global automotive industry suffered the impact of the 2019 economic downturn. Moody's maintained a "negative" sector outlook and said it expects a healthy global revenue rebound modestly in 2021 with growth of 11.5 per cent. The agency said that it expects global automotive sales to decline by 20 per cent in 2020, higher than its previous forecast of a decrease of about 2.5 per cent. According to Moody's, the increase in demand for cars is expected to continue beyond next year but at a slower rate. We expect mid-to-high single-digit sales growth in 2022, taking overall global unit sales to about 85 million to 88 million units, still short of the 90.2 million unit sales level in 2019, far less the recent peak of 95.3 million units in 2017.

As a result of delayed new car model releases, broken supply chains, financially strained SMEs and dampened vehicle sales in Q1, 2020, resulting delays in production could affect the industry at multiple rates. The effects will also spill over into Q2, with unfulfilled order deliveries due to continuing slowdowns in

production. In this backdrop of production disruption and muted demand sentiments, CRISIL has forecasted decline in demand for auto components in 2021. Volume demand from OEMs will decline by 13-24 per cent across asset classes. Further export demand is also expected to decline by 20 per cent as more than 50 per cent of export are to Europe and US and demand has declined from these markets amid COVID-19 outbreak.

According to a study by McKinsey & Co., there are four main problems OEMs need to tackle in order to get a slice of productivity in the future. The study of these report projections to 2020 will form the market until at least 2025.

- Complexity and pressure on costs: Better exchange of sites, and more Modular circuits. Around the same time, regulatory tensions are picking up, and prices are likely to be stable in developed markets.
- Digital Demand: Consumers want greater accessibility, based on active safety and ease of use, and increasingly make use of digital sources in purchasing decisions.
- Shifting Industry Landscape: Suppliers should add more value in alternative powertrain technology and creative active safety and infotainment solutions; Europe needs to restructure and change its ability to better satisfy demand as competition is emerging from China.
- Diverging markets: OEMs need to readjust their production and supply base footprints, supply chains and product portfolios to changing regional and segment supply and demand patterns; and the emerging Chinese aftersales Business brings new opportunities for production.

This state of affairs is set to exacerbate/aggravate the many challenges the automotive industry already faces, including geopolitical factors, regulatory pressures, change in consumer behavior, tougher CO2 emission standards like 6a in China and BS-VI in India and higher investment in new technologies. Further the COVID-19 pandemic has demonstrated vulnerabilities of automotive supply chains thereby putting the expanded global supply strategies under scrutiny. Progressively felt the abrupt closure of production centers in China and its domino impact, causing widespread chaos among global auto manufacturers, in Europe, the US, India and South America. Most automotive OEMs and suppliers are now scrambling to create shorter or localized regional supply chains getting their manufacturing operations offshore to low cost countries. Hence Moody's is considering returning to a stable outlook for the automotive manufacturing sector in the unlikely event that global automotive sales would grow by at least 1 per cent over the next 12 to 18 months. A stable outlook will also entail better pricing and, at least, stable use of resources.

Domestic Sales (in units)

Type	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	CAGR
All Vehicles	19,724,371	20,468,971	21,863,281	24,981,312	26,266,179	21,546,390	1.8%
Growth		3.8%	6.8%	14.3%	5.1%	-18%	
CV	614,948	685,704	714,082	856,916	10,07,311	717,688	3.1%
Growth		11.5%	4.1%	20.0%	17.6%	-28.8%	
PV	2,601,236	2,789,208	3,047,582	3,288,581	3,377,389	2,773,575	1.3%
Growth		7.2%	9.3%	7.9%	2.7%	-17.9%	
2W	15,975,561	16,455,851	17,589,738	20,200,117	21,179,847	17,417,616	1.7%
Growth		3.0%	6.9%	14.8%	4.9%	-17.8%	
3W	532,626	538,208	511,879	635,698	7,01,005	636,569	3.6%
Growth		1.0%	-4.9%	24.2%	10.3%	-9.2%	

(Source: SIAM)

2.2 Indian Automobile Industry

The automobile industry in India is the world's fourth largest. India was the world's largest two-wheeler manufacturer, fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. While keeping rapidly evolving customer needs, disruptive impact of technology, a dynamic regulatory environment, changing mobility patterns and global interconnectedness as base, the Indian Automotive Industry (including the manufacturing of components) is expected to reach ₹16.16 - 18.18 trillion by 2026 (US\$ 251.4 - 282.8 billion). Though we are optimistic about growth in industry in near future, FY 2019-20 proved challenging for the automotive industry following demand decline across various product segments. Passenger vehicle sales were especially hard hit, with zero growth registered in April this year, while it was down 52 per cent a month earlier in March. From April 2000 to September 2019, Indian Automotive Industry received Foreign Direct Investment (FDI) worth US\$ 23.51 billion. Five per cent of total FDI inflows to India went into the automotive sector from April 2000 to June 2019.

Even before the onset of the global pandemic, Indian automotive industry faced two major concerns. The first was that the country's economic growth was slowing in FY2020. And the second was that there was shrinking requirement across the board in the automotive sector. Counterpoint Research expects the auto industry of the nation to decline in all categories by at least 25 per cent in 2020. A Fitch Solutions study notes that vehicle production in India is expected to contract by 8.3 per cent in 2020, following an approximate decline of 13.2 per cent in 2019. In FY2020, industry produced a total of 26.4 million vehicles including commercial, passenger, quadricycles, two and three-wheelers registering de-growth of 14.73 per cent from FY2019.

Automobile sales and production trends

Two wheelers and passenger vehicles dominate the domestic Indian auto market. According to SIAM domestic sale of passenger and commercial vehicles declined by 17.88 and 28.75 per cent respectively in April-March 2020 over the same period last year. Industry noted similar declining trend in domestic sale of two and three-wheelers, whereby Two Wheelers sales registered a de-growth of (-) 17.76 per cent and three wheelers witnessed decline by (-) 9.19 per cent in April-March 2020 over April-March 2019. The major drivers of the resulting decline across industry could be correctly quoted as weak customer sentiments coupled with ambiguity surrounding the availability of financing options to vehicle dealers, confusion and regulatory measures around BS IV and VI emission standards, increase in oil prices, disruption of supply chains and above all was the global hit on account of COVID-19 pandemic. Domestic automobiles production increased at 2.36 per cent CAGR between FY16-20 with 26.36 million vehicles being manufactured in the country in FY 2020. Overall, domestic automobiles sales increased at 1.29 per cent CAGR between FY16-FY20 with 21.55 million vehicles being sold in FY 2020.

Automobile Exports Trends

Industry exports trends radiated as a bright spot in the sluggish economy phase. According to SIAM, though Commercial Vehicles and Three Wheelers exports declined by (-) 39.25 per cent and (-) 11.54 per cent, respectively but overall automobile exports registered a growth of 2.95 per cent in April-March 2020. It is projected to rise during 2016-2026 at a CAGR of 3.05 per cent. Also, Passenger Vehicles exports marginally increased by 0.17 per cent and Two wheelers exports registered a growth of 7.30 per cent in April-March 2020 over the same period last year.

India witnesses significant cost advantages and hence emerging as prominent investment opportunity for the auto firms. They save 10-25 per cent on operations vis-à-vis Europe and Latin American markets. The government of India has been key source of encouragement for the driving in the foreign investment in automobile sector. They aim to develop India as a global manufacturing Centre and a Research and Development (R&D) hub. Besides to that the government has also announced additional income tax deduction on interest paid on the loans taken to purchase EVs. Further setting up of Incubation Centre for start-ups working in the EVs space, reduction on GST on electric vehicles along with 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 that promises to meet projected growth rates in the industry in near future.

2.3 Indian Auto Component Industry

The current year embarked with its own challenges for the Indian auto components market, industry too underwent an extensive transformation but despite that the automotive component industry has registered a CAGR of 10.06 per cent over the past decade and reached \$56.52 billion in FY19, while exports grew by 8.34 per cent in FY14-FY19 to reach \$15.17 billion in FY19. In current scenario though COVID 19 lockdown has severely impacted labour productivity and manufacturing output but decline in key commodities prices that resulted in lower RM costs has proved to be a boon for the components industry. The automotive product industry accounted for 2.3 per cent of India's Gross Domestic Product (Output) and 25 per cent of its manufacturing GDP, generating jobs for 50 lakh people in 2018-19. Revenues from the automotive component industry stood at US\$ 56.52 billion in FY19, up from FY14 's US\$ 35 billion. As per the Association of Automotive Component Manufacturers (ACMA), India's export of automotive components is projected to reach US\$ 80 billion by 2026. Automotive component industry turnover stood at ₹1,79 lakh crore (US\$ 25.61 billion) in FY20 (until September 2019) and automotive component exports grew by 2.7 per cent to ₹51,397 crore (US\$ 7.35 billion) at the same time. The Indian automotive component industry is expected to achieve revenue of US\$ 200 billion by 2026. Automotive component industry turnover stood at ₹1,79 lakh crore (US\$ 25.61 billion) in FY20 (until September 2019) and automotive component exports grew by 2.7 per cent to ₹51,397 crore (US\$ 7.35 billion) at the same time.

Further global move and regulatory measures directed towards electric vehicles will generate new opportunities for automotive suppliers and will lead to projected growth in industry patterns.

Outlook

Considering the COVID-19 pandemic aftermath and resultant lockdown, that has intensified the concerns of already sluggish economy, the near-term outlook remains unclear. Demand seems to recover in second half of FY21 based on increasing consumer preferences of using their own personal transport to avoid social distancing challenges faced in public transport. Having mentioned that we also know that the automobile industry is supported by various factors such as availability of skilled labour at low cost, robust R&D centres, and low-cost steel production. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour. Coupled with all these major drivers, government initiatives that includes allowance of 100 per cent Foreign Direct Investment under the automatic route, National Automotive Testing and R&D Infrastructure Project (NATRIIP) and The National Electric Mobility Mission Plan (NEMMP) 2020 have together paved the way for promising growth opportunities in automotive sector.

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

Incumbents in the automotive industry should prepare for a changing landscape as India grows into the world's third-largest passenger-vehicle market and global trends disrupt the sector.

On the back of good monsoon and fairly good sowing season there is scope for increase in demand in rural and semi-urban areas. Due to COVID personal mobility is gaining prominence and it comes as an opportunity for two-wheeler & Passenger vehicle segment.

China coming in the radar of most of the nations and "Atmanirbhar Bharat" move in India would help us maintaining our stance of increasing exports & also enhancing our domestic order book.

New clutch assemblies, alloy wheel, flywheels, inertia rings, electric housings and higher tonnage parts can work as a catalyst to increase our order book from customers.

Threats & Its Management

The impact of covid is clearly visible in supply chain. The supply chain disruption comes as a bigger challenge as compared to the demand scenario. Relaxations given by the government like the moratorium and uncertainty surrounding the recovery is coming as an obstacle for the lender to offer attractive loans.

Commercial vehicle segment has taken a bigger hit post covid and there is massive demand destruction within this segment. The resources required here can be shifted towards the two-wheeler & PV segment where the demand is expected to be better.

Outlook

Our strategy is to focus on high tonnage die casting product which would result in improved margins & mitigating competition. We aim to be the largest producer of engine block in the upcoming years.

We are on track to automate our process by the robots and in turn increase efficiency and cutting down the expenses.

Financial Performance

1. Revenue

Total revenue of ₹1226.27 crores was recorded in the financial year ended 31st March, 2020 as against revenue of ₹1224.50 crores in the previous year. The total revenue for the financial year ended 31st March, 2020 includes export revenue of ₹310.00 crores as against ₹298.00 crores in the previous year, a growth of 6.04 per cent.

2. Profits

The Company has earned Profit before Interest, Depreciation and Tax (PBITD) of ₹106.00 crores during the financial year ended 31st March, 2020 over the previous year's PBITD of ₹142.53 crores. The Profit before Tax of ₹13.65 crores and Profit after Tax of ₹16.58 crores were recorded in the financial year 2019-20. 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 ₹1.23 and ₹1.23 respectively for the financial year ended 31st March, 2020. The previous year's Basic and Diluted EPS was ₹3.60 and ₹3.60 respectively on ₹1/- paid-up share.

4. Dividend

During the financial year ended 31st March, 2020, your Directors have recommended a Dividend @ 30 per cent i.e. ₹0.30 per Equity Share of ₹1/- each for the financial year 2019-2020 amounting to ₹4.06 Crores subject to deduction of Income Tax as against a dividend of 80 per cent (40% Interim and 40% Final) i.e. ₹0.80 per Equity Share of ₹1/- each aggregating to ₹12.33 crores including dividend tax of ₹1.51 crores in the previous year on the same Equity Share Capital.

5. Reserves & Surplus

The reserves and surplus of the Company stood at ₹571.99 crores as against ₹566.76 crores in the previous year. During the financial year 2019-20, no amount was transferred to general reserves.

6. Loan Funds

Total debt outstanding as on 31st March, 2020 stands at Term Loan & Buyers Credit of ₹252.27 crores and Working Capital Loan of ₹153.81 crores aggregating to ₹406.08 crores as against Term Loan & Buyers Credit of ₹197.01 crores and Working Capital Loan of ₹142.62 crores aggregating to ₹339.62 crores in the previous year. Low cost funds have substituted high cost loans, improving the finance cost.

Key Financial Ratios

Key Financial Ratios are given below:

Particulars	Units	2019-20	2018-19	Change over previous year (percentage)	Reason for material change
Debtors Turnover Ratio	Times	5.80	6.12	-5.23	Higher Debtors due to increased export sale because of longer lead time.
Inventory Turnover Ratio	Times	10.87	17.24	-36.95	Inventory of raw material remained unconsumed due to sudden lockdown announced due to COVID -19. The year 2019-20 also showed weakness in Auto sales.
Interest Coverage Ratio	Times	1.69	4.22	-59.95	Higher interest cost due to increased term loans and loss due to exchange rate fluctuation (part of finance cost) and increase in operational cost.
Current Ratio	Times	0.96	0.96	No Change	No significant change
Debt Equity Ratio	Times	0.43	0.34	26.47	Marginally increased on account of new term loan.
Operating Profit Margin	%	8.64	11.64	-25.77	Profitability is down because of start of production of new components till optimal volumes are achieved, on account of initial high cost of manufacturing and certain one-time costs incurred due to teething issues, apart from overall market sluggishness.
Net Profit Margin	%	1.11	5.43	-79.56	Besides the reasons explained above, depreciation is also increased by ₹17.00 Crores due to high capex in current and previous year.
Return on Net Worth	%	2.80	8.70	-67.81	PAT is lower because of reasons stated above.

INDIAN ACCOUNTING STANDARDS (Ind AS)

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

RICO EXECUTIVE COMMITTEE (REC)

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

Risks & Concerns

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

Our people have always been our most valued resource and their development is our prime focus. We support our people with continuous in-house and external trainings and boost their morale & performance through employee engagement activities like Kaizen Awards, Quality Circle, Family Connect Program, Sports Activity & Town Hall meetings etc. There are 3709 employees including 2102 contractual employees in the Company as on 31st March, 2020.

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

- Thermal Screening of all employees and visitors
- Sanitizing the premises and vehicles on regular basis
- Maintenance of social distancing at all work places
- Enforcing wearing of masks and regular cleaning of hands
- Strictly following the social distancing norms at workplaces, factories, canteens, offices etc.
- Regular health updates of all the employees and their families
- Promoting awareness through do' and don'ts posters for all its employees
- Ensuring use of Arogya Setu App

ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT

The Company is committed to continuous improvement in Environment, Health and Safety Systems (EHS) in the organization and ensuring compliance with all applicable legal and customer requirements. Behavior Based Safety and Clean Development Mechanism (CDM) Projects are new initiatives taken to inculcate safe working culture and to reduce carbon 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 ISO 45001 Systems. We verify adherence to the EHS systems through internal and external audits.

INFORMATION TECHNOLOGY

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

RESEARCH AND DEVELOPMENT (R&D)

Rico Research and Development (R&D) Team continuously working on design innovations for the sustenance of business growth by providing solutions to real world challenges. Team has successfully developed many e-mobility parts & import substitution material, for long term business requirements.

R&D Team is optimizing processes by in house developed special purpose machines and incorporating automatic robotic lines in casting and machining for high volume parts.

R&D Team is aggressively working on the development of Two Wheeler Clutches & CVT. Team has already launched many Two Wheeler Clutches for Indian OEM's & working on Indigenously development of paper type friction material for higher capacity clutches.

CAUTIONARY NOTE

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

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

INTRODUCTION

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L34300HR1983PLC023187	
2.	Name of the Company	Rico Auto Industries Limited	
3.	Registered Address	38 KM Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	
4.	Website	www.ricoauto.in	
5.	E-mail id	cs@ricoauto.in	
6.	Financial Year reported	1 st April, 2019 to 31 st March, 2020	
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code No.	29301
		Product Description	Manufacturing of auto components for motor vehicles such as Clutches, Panel, Housing etc.
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Clutch, Panel and Housing	
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5)	The Company has two subsidiaries outside India engaged in the trading of Auto Components and providing warehousing, logistics and last mile support to our OEM and Tier-I customers in North America, Mexico and European Markets.	
	(b) Number of National Locations	State/Union Territory	Location
		Haryana	Dharuhera and Bawal, Distt. Rewari; and Gurugram
		Uttarakhand	Begumpur, Distt. Haridwar
		Tamil Nadu	Oragadam, Distt. Kanchipuram (Chennai)
		Rajasthan	Pathredi, Distt. Alwar
		Gujarat	Halol, Distt. Panchmahal and Sanand, Distt. Ahmedabad
10.	Markets served by the Company – Local/ State/ National/ International	National and International (By the Company and its Subsidiaries)	

SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON 31/03/2020

1.	Paid up Capital (INR)	₹13.52 crores
2.	Total Turnover (INR)	₹1226.27 crores
3.	Total profit after taxes (INR)	₹16.58 crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Total amount incurred on CSR for 2019-20 is ₹1.40 crore which is 2.29% of average net profits of the Company made during the three immediately preceding financial years
5.	List of activities in which expenditure in 4 above has been incurred	The CSR amount is spent in following broad areas: i) Promoting healthcare including preventive healthcare ii) Rural Development Projects iii) Promoting Education and Sports iv) Sanitation (For detailed activities refer CSR Report as Annexure to the Board's Report)

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	<p>Yes, the following are Subsidiary Companies:</p> <ul style="list-style-type: none"> i. AAN Engineering Industries Limited - Wholly Owned Subsidiary ii. Rico Auto Industries Inc., USA - Wholly Owned Subsidiary iii. Rico Auto Industries (UK) Limited - Wholly Owned Subsidiary iv. Rico Investments Limited - Subsidiary v. Rico Fluidtronics Limited - Subsidiary vi. Rasa Autocom Limited - Stepdown Subsidiary vii. Rico Jinfei Wheels Limited - Stepdown Subsidiary viii. Rico Aluminium and Ferrous Auto Components Limited - Stepdown Subsidiary <p>(For more details refer Form AOC-1, which forms part of the Annual Report)</p>
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such Subsidiary Company(s)	<p>Yes, Subsidiary Companies are encouraged to participate in the Business Responsibility (BR) initiatives of the Company. The details of Subsidiaries of the Company form part of the Financial Statements of the Annual Report.</p>
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	<p>BR initiatives are limited to operations of the Company. The other entities do not participate in the BR initiatives of the Company.</p>

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION
1. Details of Director/Directors responsible for BR
(a) Details of the Director responsible for implementation of the BR policy/policies

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

(b) Details of the BR head

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

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

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

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

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

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

3. **Governance related to BR**

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

Principle 3: Businesses should promote the wellbeing of all employees

1.	Please indicate the Total number of employees.	1607 employees as on 31 st March, 2020 (On payroll employees)
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	2102 employees as on 31 st March, 2020
3.	Please indicate the Number of permanent women employees.	57 women employees as on 31 st March, 2020 (included in Point 1 above)
4.	Please indicate the Number of permanent employees with disabilities.	1 (one) employee as on 31 st March, 2020
5.	Do you have an employee association that is recognized by management.	Yes, we have employee association which is registered under the Trade Union Act, 1926 in Gurugram and Dharuhara.
6.	What percentage of your permanent employees is members of this recognized employee association?	Less than 32% of the permanent employees are members of this recognized employee association

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

S. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on 31.03.2020
1.	Child labour/forced labour/ involuntary labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory Employment	Nil	Nil

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

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

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

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

Principle 5: Businesses should respect and promote human rights

1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	The Company ensures compliance with all applicable laws and strives to uphold the human rights of all its internal and external stakeholders. In this regard, quarterly compliance certificates are submitted to the Board.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaint was received pertaining to human rights violation during the financial year ended 31 st March, 2020.

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

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

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

1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<ul style="list-style-type: none"> a) Automotive Component Manufacturer's Association (ACMA) b) Confederation of Indian Industry (CII) c) Gurgaon Industrial Association (GIA) d) Gurgaon Chamber of Commerce & Industry (GCCCI) e) NCR Chamber of Commerce & Industry f) PHD Chamber of Commerce & Industry
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Company as a part of Industry makes representations, recommendations and opinion before above Chambers and associations for making regulatory changes pertaining to the growth of the Industry.

Principle 8: Businesses should support inclusive growth and equitable development

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

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

1.	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	The Company promptly addresses all customer issues and there are no customer issues pending as on 31.03.2020.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)	The information is displayed on products as required by applicable Laws and Customers requirement.

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

	No. of cases filed in the last five years	No. of cases pending as on 31.03.2020	Remarks
Alleged Unfair Trade Practices	Nil	Nil	N.A
Alleged Irresponsible Advertising	Nil	Nil	N.A
Alleged Anti-Competitive Behavior	Nil	Nil	N.A

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

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

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

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, 2019 to 31st March, 2020 on the Corporate Governance is given below:

1. COMPOSITION OF BOARD

Rico Auto's Board consists of Nine Directors –Two Executive Directors, One Non-Executive Woman Director 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, 2020 are as follows:

Name of the Director/Category	DIN	Number of Committees		Number of other Directorship held*	Shareholding as on 31/03/2020
		Membership held*	Chairmanship held*		
Non-Executive Independent Directors					
Shri Kanwal Monga	00153473	–	–	1	Nil
Shri Amarjit Chopra	00043355	2	4	4	Nil
Dr. Ashok Seth	00050540	–	–	–	25000
Shri Satish Sekhri	00211478	2	2	3	1900
Shri Rajeev Kapoor	02051466	2	–	1	Nil
Shri Vinod Kumar Nagar	02487061	2	1	1	Nil
Non-Executive Woman Director					
Smt. Upasna Kapur	00327461	–	–	1	3453384
Executive & Promoter Directors					
Shri Arun Kapur, Joint Managing Director	00100270	1	1	1	8756599
Shri Arvind Kapur, Chairman, CEO & MD	00096308	2	–	6	12674960

* Excluding Private Limited Companies, Foreign Companies and LLPs.

- Except Shri Arvind Kapur, Shri Arun Kapur and Smt. Upasna Kapur being related to each other, no other Directors are inter-se related.
- Shri Rakesh Kapur, Non-Executive Director passed away on 30th December, 2019

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

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

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

Name of Director	List of Core Skills/Expertise/Competencies
Shri Kanwal Monga	Management, Business Advisory, Project Management, Strategy and Finance
Shri Amarjit Chopra	Strategy, Management, Accounting, Auditing, Taxation, Budgeting, Costing, Investment, Corporate Laws, Corporate Banking and Finance
Dr. Ashok Seth	Management, CSR and Human Resource Management
Shri Satish Sekhri	Engineering, Operation, Strategy, Manufacturing, Management, Budgeting, Costing, Investment Sales and Marketing.
Shri Rajeev Kapoor	Operation, Engineering, Manufacturing Management, Marketing, Budgeting, Costing, Investment, Project Management, Performance Analysis, Project Financing and Corporate Banking
Shri Vinod Kumar Nagar	Project Financing, Strategy, Planning & Resources, Budgeting, Costing and Corporate Banking
Smt. Upasna Kapur	Commercial, Human Resource Management and General Administration.
Shri Arun Kapur	Marketing, Export, General Administration, Human Resource Management and Strategy
Shri Arvind Kapur	Management, Project Management, Purchase and Supply Chain management, Strategy, Budgeting, Finance, Operations, Marketing, Production, Costing, Investment and Human Resource Management

The name of listed entities (including this Company), where the Directors of the Company as on 31st March, 2020, hold directorship and the category thereof are furnished below:

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

* Shri Vinod Kumar Nagar ceased to be a Director from the Board of Indian Bank on 30th June, 2020

A. Managing Director and Joint Managing Director

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

B. Board Meetings

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

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

Name of the Director	Number of Board Meetings		Attended Last AGM*
	Held	Attended	
Shri Kanwal Monga	4	4	No
Shri Amarjit Chopra	4	4	Yes
Dr. Ashok Seth	4	1	No
Shri Satish Sekhri	4	4	No
Shri Rajeev Kapoor	4	4	No
Shri Vinod Kumar Nagar	4	4	No
Shri Rakesh Kapur**	4	3	Yes
Smt. Upasna Kapur	4	3	Yes
Shri Arun Kapur	4	4	Yes
Shri Arvind Kapur	4	4	Yes

* 36th Annual General Meeting (AGM) held on 30th September, 2019 at the Registered Office of the Company.

** Shri Rakesh Kapur passed away on 30th December, 2019.

The Board met four times during the financial year 2019-2020. The meetings were held on 29/05/2019, 02/08/2019, 08/11/2019 & 12/02/2020. 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, 2020.

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, Independent Directors, Executive Directors and the Non-Executive Directors.

F. Independent Directors

Independent Directors of the Company met separately on 12th February, 2020, without the presence of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. 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 2019-2020. The meetings were held on 29/05/2019, 02/08/2019, 08/11/2019 & 12/02/2020.

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 29/05/2019, 02/08/2019 & 12/02/2020 during the financial year 2019-2020. The composition and attendance is as under:

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

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 two of our Subsidiary Companies.

(₹in Lakhs)

Name of the Director	Sitting Fees	Salary	Perks	Commission	Total
Non-Executive Directors					
Shri Kanwal Monga	3.00	N.A.	N.A.	1.98	4.98
Shri Amarjit Chopra	6.10	N.A.	N.A.	1.98	8.08
Dr. Ashok Seth	0.75	N.A.	N.A.	1.98	2.73
Shri Satish Sekhri	6.05	N.A.	N.A.	1.98	8.03
Shri Rajeev Kapoor	6.10	N.A.	N.A.	1.98	8.08
Shri Vinod Kumar Nagar	6.05	N.A.	N.A.	1.98	8.03
Shri Rakesh Kapur*	2.10	N.A.	N.A.	1.47	3.57
Smt. Upasna Kapur	2.25	N.A.	N.A.	1.98	4.23
Executive Directors					
Shri Arun Kapur	N.A.	38.71	26.33	Nil	65.04
Shri Arvind Kapur	N.A.	362.69	92.95	Nil	455.64

* Shri Rakesh Kapur passed away on 30th December, 2019.

iv) Remuneration Policy

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

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

v) Stock Option

At present the Company has no stock option plans.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Amarjit Chopra	Chairman	4	4
Shri Vinod Kumar Nagar	Member	4	4
Shri Rakesh Kapur *	Member	4	3
Shri Arun Kapur**	Member	–	–

* Shri Rakesh Kapur, Non-Executive Director passed away on 30th December, 2019.

** Shri Arun Kapur, Joint Managing Director has been appointed as a member in the Stakeholders Relationship Committee w.e.f. 12th February, 2020.

The Stakeholders Relationship Committee met four times during the financial year 2019-2020. The meetings were held on 29/05/2019, 02/08/2019, 08/11/2019 & 12/02/2020. 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, 2020 were seven (7). There were no pending complaints as on 31st March, 2020.

D. SHARE TRANSFER COMMITTEE

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

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Arvind Kapur	Chairman	7	7
Shri Vinod Kumar Nagar	Member	7	7
Shri Arun Kapur	Member	7	7
Shri Rakesh Kapur*	Member	7	5
Shri Rajeev Kapoor**	Member	–	–

* Shri Rakesh Kapur, Non-Executive Director passed away on 30th December, 2019.

** Shri Rajeev Kapoor, Independent Director has been appointed as a member in the Share Transfer Committee w.e.f. 12th February, 2020.

The Share Transfer Committee met seven times during the financial year 2019-2020. The meetings were held on 22/04/2019, 10/05/2019, 02/08/2019, 20/08/2019, 14/10/2019, 04/12/2019 & 10/12/2019. 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 three Independent Directors and one Executive Director. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Rajeev Kapoor	Chairman	4	4
Dr. Ashok Seth	Member	4	1
Shri Arun Kapur	Member	4	4
Shri Rakesh Kapur*	Member	4	3
Shri Vinod Kumar Nagar**	Member	-	-

* Shri Rakesh Kapur, Non-Executive Director passed away on 30th December, 2019.

** Shri Vinod Kumar Nagar, Independent Director has been appointed as a member in the CSR Committee w.e.f. 12th February, 2020.

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

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

The CSR Committee met four times during the financial year 2019-2020. The meetings were held on 29/05/2019, 02/08/2019, 08/11/2019 & 12/02/2020.

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 2019-2020 is annexed with the Directors' Report.

3. DETAILS OF GENERAL BODY MEETINGS

Financial Year	Type of Meeting	Location of Meeting	Date	Time
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
2018-2019	36 th AGM	Registered Office at Gurugram	30/09/2019	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:

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.

36th AGM (30/09/2019)

1. Re-appointment of Shri Kanwal Monga (DIN: 00153473) as an Independent Director for a second term of 5 (five) consecutive years from 30th September, 2019 to 29th September, 2024.
2. Re-appointment of Shri Amarjit Chopra (DIN: 00043355) as an Independent Director for a second term of 5 (five) consecutive years from 30th September, 2019 to 29th September, 2024.
3. Re-appointment of Dr. Ashok Seth (DIN: 00050540) as an Independent Director for a second term of 5 (five) consecutive years from 30th September, 2019 to 29th September, 2024.
4. Re-appointment of Shri Satish Sekhri (DIN: 00211478) as an Independent Director for a second term of 5 (five) consecutive years from 30th September, 2019 to 29th September, 2024.

5. Re-appointment of Shri Rajeev Kapoor (DIN: 02051466) as an Independent Director for a second term of 5 (five) consecutive years from 30th September, 2019 to 29th September, 2024.
6. Re-appointment of Shri Vinod Kumar Nagar (DIN: 02487061) as an Independent Director for a second term of 5 (five) consecutive years from 30th September, 2019 to 29th September, 2024.
7. Approval for continuation of payment of remuneration to Executive Directors as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Postal Ballot

During the financial year 2019-2020, 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 passed through Postal Ballot on 9th September, 2019.

The details of Postal Ballot procedure and voting process are as under:

The Company had appointed Shri K.K. Sachdeva, Practicing Company Secretary (CP No.4721, FCS No.7153) as Scrutinizer to conduct the Postal Ballot process (including e-voting) in a fair and transparent manner and based on his report dated 11th September, 2019, the results of Postal Ballot (including e-voting) were announced on 11th September, 2019 at the Registered Office of the Company. The details of results of Postal Ballot (including e-voting) are as under:

Total No. of shareholders to whom Postal Ballot (including e-voting) Form(s) sent: 64,366

Special Resolution No.1: Re-appointment of Shri Arvind Kapur (DIN: 00096308), Chairman, CEO & Managing Director and payment of Remuneration

Particulars	Physical	Electronic	Total
Total number of votes casted	57970229	11080519	69050748
Less: Invalid number of votes casted	150	0	150
Valid number of votes casted	57970079	11080519	69050598
Total number of votes with assent for the Resolution	57969734	4523357	62493091
Total number of votes with dissent for the Resolution	345	6557162	6557507

Total votes casted in favour of Resolution : 90.50 percent

Total votes casted against the Resolution : 9.50 percent

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 2019-2020, 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 Transactions

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

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

The Company manages its Commodity Price Risks by Linked Indexation with its customers which are settled quarterly as per benchmark reference. Similarly on Foreign Exchange Risk, the Company has Robust Exports and enjoys a Natural Hedge over the Imports/Borrowings denominated in Foreign Currency. It has an elaborate Forex Policy which is approved by the Board. The details of the Foreign Currency Exposure as on 31st March, 2020 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

In wake of SEBI relaxation circular dated 26th March, 2020 and 12th May, 2020, the Company has not published its Financial Results for the quarter and year ended 31st March, 2020 in the Newspaper.

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, 2020 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').

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

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

8. DIVERSITY ON THE BOARD OF THE COMPANY

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

9. DIRECTORS AND OFFICERS INSURANCE

The Company 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 WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2019-2020.

11. CREDIT RATINGS

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2019-2020.

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, 2020.

Place: Delhi
Date : June 17, 2020

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, 2020 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, 2020 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: Delhi
Date : June 17, 2020

Rakesh Kumar Sharma
Chief Financial Officer

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

GENERAL SHAREHOLDERS' INFORMATION

- 1. Annual General Meeting**
 Day, Date and Time : Thursday, 12th November, 2020 at 12.00 Noon
 Mode : The Company will conduct the meeting through Video Conferencing (VC)/Other Audio-Visual Mean ('OAVM') pursuant to the MCA Circular dated 5th May, 2020, relevant details of which have been provided in the notice of AGM.
- 2. Financial Calendar**
 Financial Year : 1st April to 31st March
For the year 2019-20, Results were announced on
 First quarter ended 30th June, 2019 : 2nd August, 2019
 Second quarter and half year ended 30th September, 2019 : 8th November, 2019
 Third quarter ended 31st December, 2019 : 12th February, 2020
 Fourth quarter and year ended 31st March, 2020 : 17th June, 2020 (Within extended period by SEBI)
For the year 2020-21, Results will be announced on (Tentative)
 First quarter ended 30th June, 2020 (announced) : 28th August, 2020
 Second quarter and half year ending 30th September, 2020 : 6th November, 2020
 Third quarter ending 31st December, 2020 : 12th February, 2021
 Fourth quarter and year ending 31st March, 2021 : May, 2021
- 3. Dates of Book Closure** : 6th November, 2020 to 12th November, 2020 (both days inclusive)
- 4. Dividend Payment Date** : Dividend @ ₹0.30 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 as Dematerialisation (Common for Physical Transfer as well of Shares)** : M/s. MCS Share Transfer Agent Limited
 F-65, Okhla Industrial Area, Phase I, New Delhi – 110020
- 7. Plant Locations**

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

Physical

The transfer, transmission, remat, split of share certificate and issue of duplicate share certificate are approved by the Share Transfer Committee. This Committee normally meets as and when required to complete the transfer related works within the stipulated period. The shares are transferred and returned within a period of 15 days from the date of receipt, provided that the documents are in order in all respects. The Company obtains from a Company Secretary in Practice half-yearly certificate to the effect that all share certificates have been issued within thirty days of the date of lodgement of the transfer, 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 2020-21 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 2020-21 have been paid to the Exchanges:

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

10. Dematerialisation of Shares and Liquidity

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 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, 2020

Segment	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholding
Physical	704	1.08	373861	0.28
Demat	64292	98.92	134911139	99.72
Total	64996	100.00	135285000	100.00

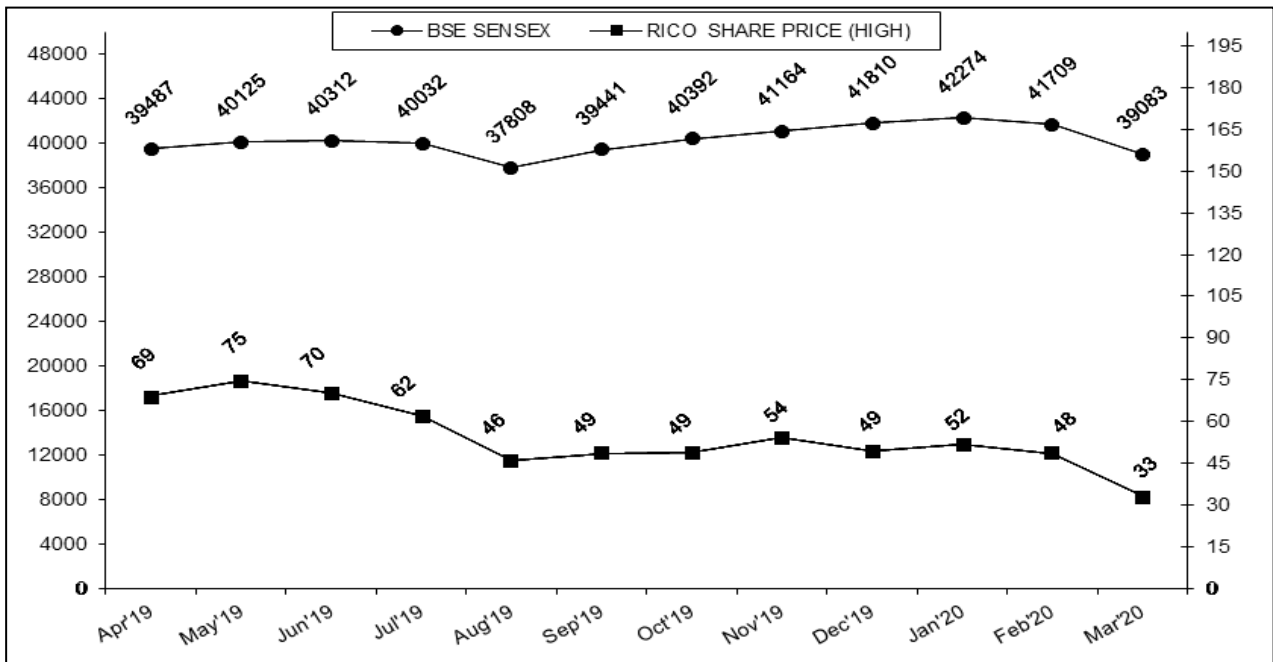
11. Stock Market Data

The closing price as on 31st March, 2020 of the Equity Shares at BSE and NSE is ₹20.00 & ₹19.90 respectively. Monthly high & low price and volume of shares of ₹1/- each traded at BSE and NSE for 2019-2020 are as under:

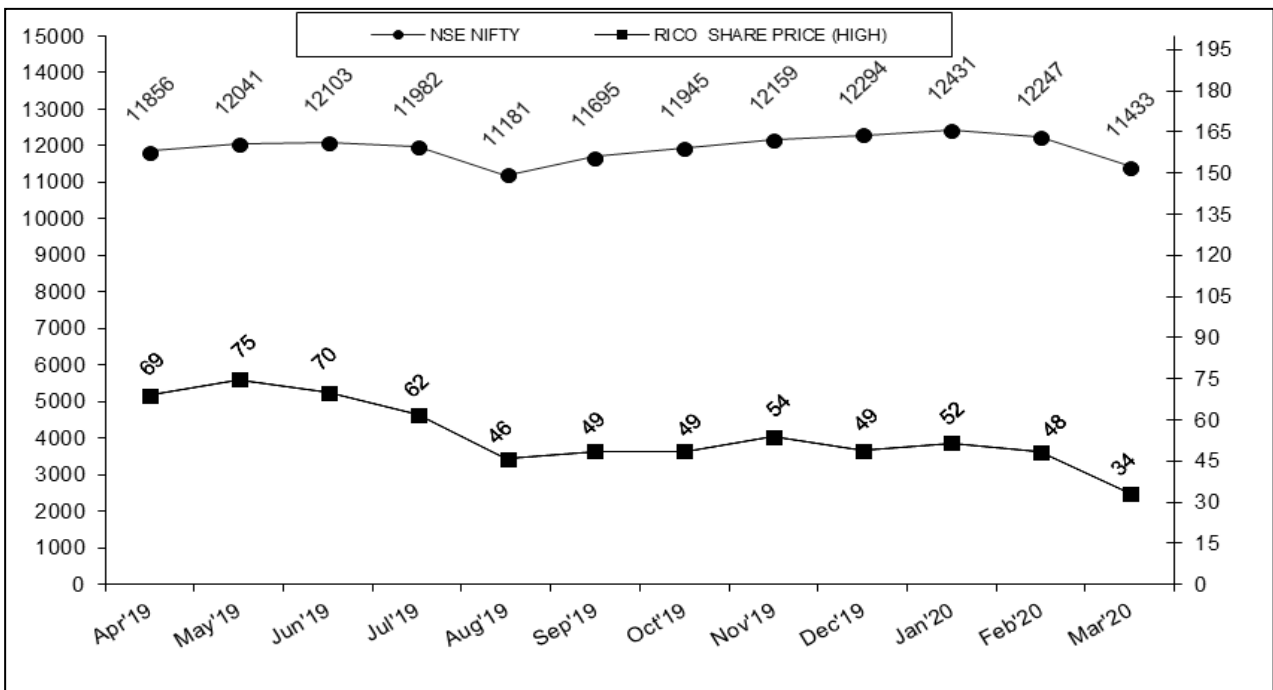
Month/Year	BSE Limited (BSE)			National Stock Exchange (NSE)		
	High (₹)	Low (₹)	Volume of Shares Traded	High (₹)	Low (₹)	Volume of Shares Traded
April, 2019	69.05	60.90	822761	69.10	60.85	5691777
May, 2019	74.50	56.05	965966	74.55	56.00	6121092
June, 2019	70.00	59.65	419095	70.15	59.60	2479410
July, 2019	62.10	44.20	895937	62.15	44.00	3468676
August, 2019	46.10	34.60	711809	46.15	34.50	4125612
September, 2019	48.55	36.00	1652366	48.70	35.95	10499221
October, 2019	48.65	38.15	1333396	48.65	38.10	6145116
November, 2019	54.00	43.10	2085106	54.00	43.20	15697805
December, 2019	49.15	44.15	838746	49.15	44.10	8554613
January, 2020	51.55	43.30	1305430	51.50	43.25	15260622
February, 2020	48.40	31.20	925053	48.45	31.05	10145411
March, 2020	33.10	15.95	866588	33.50	15.95	5486714

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, 2020

No. of Equity Shares held	No. of Shareholders	Percent of Shareholders	No. of Shares	Percent of Shareholding
1 – 5000	63720	98.04	24089881	17.81
5001 – 10000	722	1.11	5332977	3.94
10001 – 20000	287	0.44	4197322	3.10
20001 – 30000	78	0.12	1930458	1.43
30001 – 40000	43	0.07	1513317	1.12
40001 – 50000	32	0.05	1483853	1.09
50001 – 100000	52	0.08	3676747	2.72
100001 & above	62	0.09	93060445	68.79
Total	64996	100.00	135285000	100.00

14. Shareholding Pattern as on 31st March, 2020

Category of Shareholders	No. of Shares (Demat Mode)	No. of Shares (Physical Mode)	Total No. of Shares	Percent of Shareholding
Promoter and Promoter Group	68043196	–	68043196	50.30
Mutual Funds/UTI	8731715	–	8731715	6.46
Alternate Investment Funds	1722847	–	1722847	1.27
Financial Institutions/Banks	1441	–	1441	0.00
Foreign Institutional Investors	261118	–	261118	0.19
Bodies Corporate	4543553	–	4543553	3.36
NRI	1682042	–	1682042	1.24
Trusts & Foundations	17000	–	17000	0.01
IEPF Authority	754601	–	754601	0.56
Indian Public	49153626	373861	49527487	36.61
Total	134911139	373861	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.	2426	706900
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*.	576	90950
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.	45	53160
4.	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	45	53160
5.	Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	1805	562790

* 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/IEPFA/refund.html> alongwith the requisite documents.

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

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

17. Unclaimed Dividends

Pursuant to the provisions of Sections 124 & 125 of the Companies Act, 2013 the amount of dividend which remains unpaid/unclaimed for a period of Seven (7) years is required to be transferred to the “Investor Education and Protection Fund” (IEPF), constituted by the Central Government. Member(s) who have not yet encashed their dividend warrant(s) is/are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2012 have already been transferred to the Investor Education and Protection Fund (IEPF). During the year, the aggregate unclaimed dividend amount of ₹324246.00 relating to Financial Year 2011-12 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 (₹)	Amount of Unclaimed Dividend (₹)	Unclaimed Dividend (Percent)	Due date for transfer to IEPF
2013	Final - 15	30/09/2013	42173	20292750.00	385483.65	1.90	30/10/2020
2014	Final - 10	30/09/2014	37426	13528500.00	262909.40	1.94	30/10/2021
2015	Interim - 100	14/02/2015	38399	135285000.00	2104254.00	1.56	14/03/2022
2015	Final - 200	29/09/2015	40315	270570000.00	3897194.00	1.44	29/10/2022
2016	Interim - 50	10/03/2016	48718	67642500.00	1228927.50	1.82	10/04/2023
2016	Final - 10	23/09/2016	46216	13528500.00	253891.30	1.88	23/10/2023
2017	Final - 75	22/09/2017	49679	101463750.00	2747541.75	2.71	22/10/2024
2018	Interim - 40	09/02/2018	60956	54114000.00	918272.40	1.70	09/03/2025
2018	Final - 40	29/09/2018	66168	54114000.00	858096.80	1.58	29/10/2025
2019	Interim - 40	11/02/2019	67887	54114000.00	617329.20	1.14	11/03/2026
2019	Final - 40	30/09/2019	63614	54114000.00	590158.00	1.09	30/10/2026

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 103544 equity shares of the face value of ₹1/- each in respect of 671 shareholders to the Demat Account of IEPF Authority and filed the Form IEPF-4 with MCA on 13th December, 2019. During the year, dividend aggregating to ₹226474.80 was also transferred to IEPF Authority, in respect of shares transferred to the Demat Account of IEPF Authority. Details of such shareholders, whose shares are transferred to IEPF Authority and their unpaid dividends for subsequent years are available on the website of the Company at <https://www.ricoauto.in/investor-relation.html>.

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

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

In support to the Ministry of Corporate Affairs (MCA) “Green Initiative for Paperless Communications and in compliance to MCA circular dated 5th May, 2020 read with circulars dated 8th April, 2020 & 13th April, 2020 and SEBI’s circular dated 12th May, 2020, the notice alongwith Annual Report 2019-20 is being sent through electronic mode only to those members whose e-mail addresses are registered with the Company. the members who have not registered their e-mail IDs, so far, are requested to register their e-mail IDs, in respect of electronic holdings with concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company’s Registrar and Share Transfer Agent, M/s. MCS Share Transfer Agent Limited.

22. SEBI Complaints Redress System (SCORES)

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

23. Fee paid to Statutory Auditors

A total fee of ₹1.06 crores was paid by the Company and its Subsidiaries for all audit and services availed, on a consolidated basis, to the Statutory Auditors and all Entities in network firm/network entity of which the Statutory Auditors is a part, for the financial year ended 31st March, 2020.

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 28, 2020

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

We have examined the compliance with the conditions of Corporate Governance by Rico Auto Industries Limited for the financial year ended 31st March, 2020, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred in Regulation 15(2) of the Listing Regulations.

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

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

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

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

K. K. Sachdeva

Proprietor

FCS No. 7153, CP No. 4721
UDIN : F007153B00582959

Place : Gurugram
Date : August 17, 2020

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, 2020 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
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

Place : Gurugram
Date : August 17, 2020

FCS No. 7153, CP No. 4721
UDIN : F007153B000582937

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020 ("Audit Period")** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2020** according to the provisions of (including any amendment thereof):

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable; and
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and amendments thereof:
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) *The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(*Not applicable, as no event took place under these Regulations during the Audit Period.)
- vi) We further report that having regard to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - 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 was given to all Directors to schedule the Board Meetings. The Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period, the Shareholders of the Company have passed a special resolution by way of Postal Ballot on 9th September, 2019 relating to approval of re-appointment and payment of remuneration to Shri Arvind Kapur, Chairman, CEO & Managing Director of the Company.

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

K. K. Sachdeva

Proprietor

FCS No. 7153, CP No. 4721

UDIN : F007153B000582948

Place : Gurugram
Date : August 17, 2020

ANNEXURE TO DIRECTORS' REPORT

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (2019-2020)

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
- v) Shri Vinod Kumar Nagar** – Member

* Shri Rakesh Kapur, Director passed away on 30th December, 2019.

** Shri Vinod Kumar Nagar, Director has been appointed as a member in the CSR Committee w.e.f. 12th February, 2020.

3. Average Net Profit/(Net Loss) of the Company for last three financial years

₹6124.00 lakhs (on the basis of financial year 2016-17, 2017-18 and 2018-19).

4. Prescribed CSR Expenditure

Two percent of the amount as in item 3 above: ₹122.48 lakhs#

5. Details of CSR Expenditure spent during the financial year 2019-2020

- i) Total Amount to be spent for the financial year: ₹122.48 lakhs
- ii) Amount unspent: Nil
- iii) The manner in which the amount spent during the financial year is detailed below:

(₹In Lakhs)

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, 2020	Amount spent direct or through implementing agency
1.	Contribution to Rotary Southend Charitable Trust working on Skill Development Centre	Promotion of employment enhancing vocation skills	New Delhi	2.00	2.00	2.00	Through implementing agency
2.	Dhyan Foundation Ludhiana Chapter	Animal Welfare, Activities, eradicating hunger and promoting Education for Poor	Ludhiana	2.00	2.00	2.00	Through implementing agency
3.	Laksh Foundation	Promotion of Education programs and Women Empowerment Programs for the ragpickers community	Dhauj, (Haryana)	1.00	1.00	1.00	Through implementing agency

(₹In Lakhs)

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, 2020	Amount spent direct or through implementing agency
4.	Contribution to Raman Kant Munjal Foundation	Education to weaker section	Dharuhera (Haryana)	4.26	5.08	5.08	Through implementing agency
5.	Contribution to Maharaja Agrasen Hospital Charitable Trust for constructing Medical University	Promotion of Education	Mumbai	2.50	2.50	2.50	Through implementing agency
6.	Support of complete therapy of Two Autistic Children	Promoting healthcare including preventing healthcare	Gurugram (Haryana)	4.14	4.14	4.14	Through implementing agency
7.	Donations to : i. Baba Amarnath Seva Samiti ii. Ibadat Foundation iii. United Way of Mumbai iv. R.S. Computer Services	Livelihood enhancement of Community	–	–	1.64	1.64	Through implementing agency
8.	Sponsorship of 3 Girls students of school to Play International for Karate (listed in national sports) in Thailand.	Empowering women & Promoting National Sports	• Village Banipur (Haryana)	2.00	2.05	2.05	Direct
9.	Providing Infrastructure in rural area like Common Hall for community, Concrete Road, Boundary wall for cremation Centre and Boundary Wall with Gate for the Sports Ground.	Rural Development Project	• Village Malpura • Village Joniawas • Village Banipur (Haryana) • Joriya Ki Dhani (Rajasthan)	65.25	82.02	82.02	Direct
10.	Providing clean and cool drinking water facility in Govt School of rural area.	Safe Drinking Water	• Village Mettupallayam (Chennai) • Village Begumpur (Hardwar)	2.75	2.75	2.75	Direct

(₹In Lakhs)

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, 2020	Amount spent direct or through implementing agency
11.	Providing Infrastructure like classroom in Govt. School and roads in rural area.	Education	<ul style="list-style-type: none"> Village Mettupallayam (Chennai) Village Jhiwana, Husaipur & Karendi (Rajasthan) 	28.85	27.55	27.55	Direct
12.	Construction of Toilet facility separate for Girls/Boys in Govt school and Community of rural.	Promotion of sanitation and Rural Development	<ul style="list-style-type: none"> Village Jhiwana, (Rajasthan) 	5.50	5.31	5.31	Direct
13.	Providing Street Light to enhance safety and security in Rural Areas.	Rural Development	<ul style="list-style-type: none"> Village Jhiwana (Rajasthan) 	1.25	1.08	1.08	Direct
14.	Upkeeping of CSR Sites	Education	<ul style="list-style-type: none"> Village Chaupanki, Bhiwadi, (Rajasthan) Village Mohammadpur, Jharsa, Gurugram (Haryana) Village Malpura, Dharuhera (Haryana) 	1.50	1.01	1.01	Direct
		Total		123.00	140.13	140.13	

6. Details of Implementing Agency

The Company has made contribution to Rotary Southend Charitable, New Delhi, Dhyan Foundation, Ludhiana Chapter, Laksh Foundation, Dhauj, (Haryana), Raman Kant Munjal Foundation, Dharuhera (Haryana) and Maharaja Agrasen Hospital Charitable Trust (Mumbai).

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.

#The Company has also on voluntary basis incurred ₹17.65 lakhs on CSR activities in addition to its mandatory CSR obligations of ₹122.48 lakhs.

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

Rajeev Kapoor
Chairman - CSR Committee
(DIN: 02051466)

Place : Gurugram
Date : August 28, 2020

ANNEXURE TO DIRECTORS' REPORT

Details 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 2019-20:

Name of Directors	Ratio to Median Remuneration
Non-Executive Independent Directors	
Shri Kanwal Monga	1.03
Shri Amarjit Chopra	1.68
Dr. Ashok Seth	0.57
Shri Satish Sekhri	1.67
Shri Rajeev Kapoor	1.68
Shri Vinod Kumar Nagar	1.67
Non-Executive Directors	
Shri Rakesh Kapur *	N.A
Smt. Upasna Kapur	0.88
Executive Director	
Shri Arun Kapur, Joint Managing Director	13.52
Shri Arvind Kapur, Chairman, CEO & MD	94.72

*Shri Rakesh Kapur, Director passed away on 30.12.2019

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 2019-20:

Name of Directors/KMP and Designation	Remuneration		%age increase/ (decrease) in Remuneration
	2019-20 (Amount in ₹)	2018-19 (Amount in ₹)	
Non-Executive Independent Directors			
Shri Kanwal Monga	497525.00	1060000.00	(53.06)
Shri Amarjit Chopra	807525.00	1385000.00	(41.69)
Dr. Ashok Seth	272525.00	1030000.00	(73.54)
Shri Satish Sekhri	802525.00	1365000.00	(41.21)
Shri Rajeev Kapoor	807525.00	1385000.00	(41.69)
Shri Vinod Kumar Nagar	802525.00	1370000.00	(41.42)
Non-Executive Directors			
Shri Rakesh Kapur	357325.00	1140000.00	NA*
Smt. Upasna Kapur	422525.00	1100000.00	(61.59)
Executive Director			
Shri Arun Kapur, Joint Managing Director	6504103.00	6464508.00	0.61
Shri Arvind Kapur, Chairman, CEO & MD	45563935.00	37317034.00	22.10
Key Managerial Personnel			
Shri Rakesh Kumar Sharma, Chief Financial Officer	7110875.00	6519681.00	9.07
Shri B.M. Jhamb, Company Secretary	4246312.00	4290194.00	(1.02)

*Shri Rakesh Kapur, Director passed away on 30.12.2019, hence the same is not comparable.

- 3. The percentage of increase in the median remuneration of employees in the financial year 2019-20: 5.72%**
- 4. The number of permanent employees on the roll of Company as on 31st March, 2020: 1607**
- 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 2019-20 was 10%. Percentage increase (+)/decrease (-) in the managerial remuneration for the year 2019-20 was 5.5%.

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 28, 2020

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MGT - 9 EXTRACT OF ANNUAL RETURN

AS ON FINANCIAL YEAR ENDED 31ST MARCH, 2020

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, if any	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	21.73

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 - 122001, Haryana	U28112HR2010PLC039941	Subsidiary	100	Section 2(87)
2.	Rico Investments Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram - 122001, Haryana	U65923HR2015PLC054211	Subsidiary	97.73	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*	74.79	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, 2019)				No. of Shares held at the end of the year (31 st March, 2020)				% 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	27628688	0	27628688	20.423	27754406	0	27754406	20.516	0.093
	b) Central Govt. State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	c) Bodies Corporate	40199790	0	40199790	29.715	40209790	0	40209790	29.722	0.007
	d) Financial Institutions/Bank	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)	67828478	0	67828478	50.137	67964196	0	67964196	50.238	0.100
2.	Foreign									
	a) Individuals (Non- Resident Individuals/ Foreign Individuals)	79000	0	79000	0.058	79000	0	79000	0.058	0.000
	b) Government	0	0	0	0.000	0	0	0	0.000	0.000
	c) Institutions	0	0	0	0.000	0	0	0	0.000	0.000
	d) Foreign Portfolio Investor	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 Promoter and Promoter Group (A)= (A)(1)+(A)(2)	67907478	0	67907478	50.196	68043196	0	68043196	50.296	0.100
B.	PUBLIC SHAREHOLDING									
1.	Institutions									
	a) Mutual Funds	11674647	0	11674647	8.630	8731715	0	8731715	6.454	-2.175
	b) Venture Capital Fund	0	0	0	0.000	0	0	0	0.000	0.000
	c) Alternate Investment Funds	0	0	0	0.000	1722847	0	1722847	1.273	1.273
	d) Foreign Venture Capital Investors	0	0	0	0.000	0	0	0	0.000	0.000
	e) Foreign Portfolio Investors	1228710	0	1228710	0.908	261118	0	261118	0.193	-0.715
	f) Financial Institutions/Banks	109721	0	109721	0.081	1441	0	1441	0.001	-0.080
	g) Insurance Companies	326730	0	326730	0.242	0	0	0	0.000	-0.242
	h) Provident Funds/Pension Funds	0	0	0	0.000	0	0	0	0.000	0.000
	i) Any Others (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (B)(1)	13339808	0	13339808	9.861	10717121	0	10717121	7.922	-1.939
2.	Central Government/State Government(s)/President of India	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (B)(2)	0	0	0	0.000	0	0	0	0.000	0.000
3.	Non-Institutions									
	a) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹1 lakh	38278474	404161	38682635	28.593	37736185	373861	38110046	28.170	-0.423
	ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	8444162	0	8444162	6.242	11417441	0	11417441	8.440	2.198
	b) NBFCs registered with RBI	0	0	0	0.000	0	0	0	0.000	0.000
	c) Employee Trusts	0	0	0	0.000	0	0	0	0.000	0.000
	d) Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.000	0	0	0	0.000	0.000
	e) Any Others (specify)									
	i) Bodies Corporate	4097646	0	4097646	3.029	4543553	0	4543553	3.359	0.330
	ii) Non Resident Individual	2145064	0	2145064	1.586	1682042	0	1682042	1.243	-0.342
	iii) Trusts	17020	0	17020	0.013	17000	0	17000	0.013	0.000
	iv) Cooperative Societies	0	0	0	0.000	0	0	0	0.000	0.000
	v) IEPF Authority	651187	0	651187	0.481	754601	0	754601	0.558	0.076
	Sub Total (B)(3)	53633553	404161	54037714	39.944	56150822	373861	56524683	41.782	1.838
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	66973361	404161	67377522	49.804	66867943	373861	67241804	49.704	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)	134880839	404161	135285000	100.000	134911139	373861	135285000	100.000	0.000

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (1 st April, 2019)			Shareholding at the end of the year (31 st March, 2020)			% 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	12674960	9.369	0.000	12674960	9.369	0.000	0.000
2.	ARUN KAPUR	8708416	6.437	0.000	8756599	6.473	0.000	0.036
3.	RAKESH KAPUR*	2456464	1.816	0.000	0	0.000	0.000	-1.816
4.	SHALINI KAPUR	1396148	1.032	0.000	1423683	1.052	0.000	0.020
5.	UPASNA KAPUR	966920	0.715	0.000	3453384	2.553	0.000	1.838
6.	RITU KAPUR	723140	0.535	0.000	733140	0.542	0.000	0.007
7.	NYLA KAPUR	354040	0.262	0.000	364040	0.269	0.000	0.007
8.	SAMARTH KAPUR	194800	0.144	0.000	194800	0.144	0.000	0.000
9.	SHIVANI KAPUR	149800	0.111	0.000	149800	0.111	0.000	0.000
10.	ROMILLA BAHL	79000	0.058	0.000	79000	0.058	0.000	0.000
11.	PROMILA SIKKA	4000	0.003	0.000	4000	0.003	0.000	0.000
12.	ASN MANUFACTURING AND SERVICES PRIVATE LIMITED (FORMERLY KAPSONS MANUFACTURING AND SERVICES PRIVATE LIMITED)	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	7580628	5.603	0.000	0.007
	TOTAL	67907478	50.196	0.000	68043196	50.296	0.000	0.100

* Shri Rakesh Kapur, Director passed away on 30.12.2019, his shares transmitted to his wife Smt. Upasna Kapur on 11.02.2020.

iii) Change in Promoters' Shareholding:

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2019 to 31/03/2020)	
		No. of Shares at the beginning (01/04/2019)/ end of the year (31/03/2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	ARUN KAPUR	8708416	6.437	01.04.2019				
				26.06.2019	8183	Transfer	8716599	6.443
				29.08.2019	8644	Transfer	8725243	6.450
				03.09.2019	1356	Transfer	8726599	6.451
				04.09.2019	20000	Transfer	8746599	6.465
				06.09.2019	10000	Transfer	8756599	6.473
				31.03.2020	8756599	6.473	8756599	6.473
2.	HIGAIN INVESTMENTS PVT. LTD.	7570628	5.596	01.04.2019				
				17.06.2019	7393	Transfer	7578021	5.602
				18.06.2019	2607	Transfer	7580628	5.603
31.03.2020	7580628	5.603	7580628	5.603				
3.	RAKESH KAPUR*	2456464	1.816	01.04.2019				
				29.08.2019	10000	Transfer	2466464	1.823
				11.02.2020	-2466464	Transmission	0	0.000
				31.03.2020	0	0.000	0	0.000
4.	UPASNA KAPUR	966920	0.715	01.04.2019				
				03.09.2019	10000	Transfer	976920	0.722
				04.09.2019	10000	Transfer	986920	0.730
				11.02.2020	2466464	Transmission	3453384	2.553
				31.03.2020	3453384	2.553	3453384	2.553

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2019 to 31/03/2020)	
		No. of Shares at the beginning (01/04/2019)/ end of the year (31/03/2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
5.	SHALINI KAPUR	1396148	1.032	01.04.2019				
				03.09.2019	10000	Transfer	1406148	1.039
				04.09.2019	7535	Transfer	1413683	1.045
				20.03.2020	10000	Transfer	1423683	1.052
				31.03.2020			1423683	1.052
6.	RITU KAPUR	723140	0.535	01.04.2019				
				03.09.2019	1532	Transfer	724672	0.536
				04.09.2019	8468	Transfer	733140	0.542
				31.03.2020			733140	0.542
7.	NYLA KAPUR	354040	0.262	01.04.2019				
				20.03.2020	10000	Transfer	364040	0.269
				31.03.2020			364040	0.269

* Shri Rakesh Kapur, Director passed away on 30.12.2019

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 (01/04/2019 to 31/03/2020)	
		No. of Shares at the beginning (01/04/2019)/ end of the year (31/03/2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	RELIANCE CAPITAL TRUSTEE CO LTD.- A/C NIPPON INDIA EQUITY HYBRID FUND	4027130	2.977	01.04.2019		Nil movement during the year		
		4027130	2.977	31.03.2020			4027130	2.977
2.	L&T MUTUAL FUND TRUSTEE LIMITED- L&T EMERGING BUSINESSES FUND	3559410	2.631	01.04.2019				
				10.05.2019	109	Transfer	3559519	2.631
				17.05.2019	13363	Transfer	3572882	2.641
				27.03.2020	-50000	Transfer	3522882	2.604
		31.03.2020			3522882	2.604		
3.	MUKUL AGRAWAL	1700000	1.257	01.04.2019				
				31.05.2019	300000	Transfer	2000000	1.478
				31.03.2020			2000000	1.478
4.	ASHMORE INDIA OPPORTUNITIES FUND	1491081	1.102	01.04.2019				
				05.04.2019	-10534	Transfer	1480547	1.094
				12.04.2019	254800	Transfer	1735347	1.283
				07.06.2019	-12500	Transfer	1722847	1.273
		31.03.2020			1722847	1.273		
5.	SANKARA NARAYANAN SANGAMESWARAN	970525	0.717	01.04.2019				
				05.04.2019	23000	Transfer	993525	0.734
				12.04.2019	105765	Transfer	1099290	0.813
		31.03.2020			1099290	0.813		
6.	PANNA BANKIM	962327	0.711	01.04.2019		Nil movement during the year		
		962327	0.711	31.03.2020			962327	0.711

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2019 to 31/03/2020)	
		No. of Shares at the beginning (01/04/2019)/ end of the year (31/03/2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
7.	RELIANCE CAPITAL TRUSTEE CO. LTD.- A/C. NIPPON INDIA RETIREMENT FUND WEALTH CREATION SCHEME	860000	0.636	01.04.2019	0	Nil movement during the year	860000	0.636
		860000	0.636	31.03.2020				
8.	KASHISH JAIN	0	0.000	01.04.2019		Transfer		
				26.04.2019	79127		79127	0.058
				03.05.2019	38859		117986	0.087
				10.05.2019	34947		152933	0.113
				17.05.2019	3073		156006	0.115
				24.05.2019	31622		187628	0.139
				07.06.2019	120000		307628	0.227
				21.06.2019	13253		320881	0.237
				05.07.2019	10000		330881	0.245
				12.07.2019	5859		336740	0.249
				18.10.2019	18641		355381	0.263
				25.10.2019	143520		498901	0.369
				31.10.2019	50000		548901	0.406
		01.11.2019	83652	632553	0.468			
		31.03.2020		632553	0.468			
9.	GAGANDEEP CONSULTANCY PRIVATE LIMITED	0	0.000	01.04.2019		Transfer		
				07.06.2019	500000		500000	0.370
				14.06.2019	25000		525000	0.388
				26.07.2019	6000		531000	0.393
				31.03.2020			531000	0.393
10.	NITI SHAH	0	0.000	01.04.2019		Transfer		
				31.05.2019	500000		500000	0.370
				31.03.2020			500000	0.370
11.	FINQUEST SECURITIES PVT. LTD.	0	0.000	01.04.2019		Transfer		
				27.03.2020	402836		402836	0.298
		402836	0.298	31.03.2020			402836	0.298
12.	DEEPALI TRIVEDI	400000	0.296	01.04.2019		Nil movement during the year		
				31.03.2020			400000	0.296
13.	BHARAT NARESH KHANDWALA	335000	0.248	01.04.2019		Transfer		
				27.09.2019	4786		339786	0.251
				30.09.2019	750		340536	0.252
				01.11.2019	500		341036	0.252
				28.02.2020	7323		348359	0.258
				06.03.2020	1000		349359	0.258
				20.03.2020	631		349990	0.259
				31.03.2020			349990	0.259

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2019 to 31/03/2020)	
		No. of Shares at the beginning (01/04/2019)/ end of the year (31/03/2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
14.	PRINCIPAL MULTI CAP GROWTH FUND	874860	0.647	01.04.2019				
				16.08.2019	-150842	Transfer	724018	0.535
				23.08.2019	-138323	Transfer	585695	0.433
				06.09.2019	-47598	Transfer	538097	0.398
				13.09.2019	-205719	Transfer	332378	0.246
				20.09.2019	-305783	Transfer	26595	0.020
				27.09.2019	-26595	Transfer	0	0.000
				31.03.2020	0	0.000	0	0.000
15.	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC (DFAIDG)	452332	0.334	01.04.2019				
				20.09.2019	-17926	Transfer	434406	0.321
				27.09.2019	-83430	Transfer	350976	0.259
				04.10.2019	-20691	Transfer	330285	0.244
				11.10.2019	-19960	Transfer	310325	0.229
				18.10.2019	-55035	Transfer	255290	0.189
				25.10.2019	-70924	Transfer	184366	0.136
				01.11.2019	-36224	Transfer	148142	0.110
				08.11.2019	-28911	Transfer	119231	0.088
				15.11.2019	-39089	Transfer	80142	0.059
				22.11.2019	-43341	Transfer	36801	0.027
				29.11.2019	-36801	Transfer	0	0.000
				31.03.2020	0	0.000	0	0.000

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

Sl. No.	Particulars	Shareholding at the beginning (01/04/2019)/end of the year (31/03/2020)		Cumulative Shareholding during the year (01/04/2019 to 31/03/2020)	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1.	Shri Arvind Kapur, Chairman, CEO & MD				
	At the beginning of the year	12652460	9.352	12652460	9.352
	No Change during the year	Nil	Nil	Nil	Nil
	At the end of the year			12652460	9.352
2.	Shri Arun Kapur, Joint Managing Director				
	At the beginning of the year	8708416	6.437	8708416	6.437
	26.06.2019 (Purchase of Shares)	8183	0.006	8716599	
	29.08.2019 (Purchase of Shares)	8644	0.006	8725243	
	03.09.2019 (Purchase of Shares)	1356	0.001	8726599	
	04.09.2019 (Purchase of Shares)	20000	0.015	8746599	
	06.09.2019 (Purchase of Shares)	10000	0.007	8756599	
	At the end of the year			8756599	6.473
3.	Shri Rakesh Kapur, Director*				
	At the beginning of the year	2456464	1.816	2456464	1.816
	29.08.2019 (Purchase of Shares)	10000	0.007	2466464	
	11.02.2020 (Transmission of Shares)	-2466464	-1.823	0	
	At the end of the year			0	0.000

Sl. No.	Particulars	Shareholding at the beginning (01/04/2019)/end of the year (31/03/2020)		Cumulative Shareholding during the year (01/04/2019 to 31/03/2020)	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
4.	Smt. Upasna Kapur, Director				
	At the beginning of the year	966920	0.715	966920	0.715
	03.09.2019 (Purchase of Shares)	10000	0.007	976920	
	04.09.2019 (Purchase of Shares)	10000	0.007	986920	
	11.02.2020 (Transmission of Shares)	2466464	1.823	3453384	–
	At the end of the year			3453384	2.553
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	1500	0.001	1500	0.001
	No Change during the year	Nil	Nil	Nil	Nil
	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 Rakesh Kapur, Director passed away on 30/12/2019.

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 2019-20.

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	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
Change in Indebtedness during the Financial Year				
Additions	171.31	15.00	–	186.31
Reduction	119.86	–	–	119.86
Net Change	51.45	15.00	–	66.45
Indebtedness at the end of the Financial Year				
i) Principal Amount	391.08	15.00	–	406.08
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	1.71	–	–	1.71
Total (i+ii+iii)	392.79	15.00	–	407.79

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	36269419.00	3870960.00	40140379.00
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	9294516.00	2633143.00	11927659.00
	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)	45563935.00	6504103.00	52068038.00
	Ceiling as per the Act	The remuneration paid is a minimum remuneration as approved by the shareholders of the Company.		

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	300000.00	197525.00	-	497525.00
	ii) Shri Amarjit Chopra	610000.00	197525.00	-	807525.00
	iii) Dr. Ashok Seth	75000.00	197525.00	-	272525.00
	iv) Shri Satish Sekhri	605000.00	197525.00	-	802525.00
	v) Shri Rajeev Kapoor	610000.00	197525.00	-	807525.00
	vi) Shri Vinod Kumar Nagar	605000.00	197525.00	-	802525.00
	Total (1)	2805000.00	1185150.00	-	3990150.00
2.	Non-Executive Directors				
	i) Shri Rakesh Kapur*	210000.00	147325.00	-	357325.00
	ii) Smt. Upasna Kapur	225000.00	197525.00	-	422525.00
	Total (2)	435000.00	344850.00	-	779850.00
	Total (B)=(1+2)				4770000.00
	Total Managerial Remuneration (A+B)				56838038.00
	Overall Ceiling as per the Act	The remuneration paid is a minimum remuneration as approved by the shareholders of the Company.			

* Shri Rakesh Kapur, Director passed away on 30/12/2019

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.	7071275.00	4224712.00	11295987.00
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	39600.00	21600.00	61200.00
	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)	7110875.00	4246312.00	11357187.00

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 2019-20.

On behalf of the Board of Directors

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

Place: Gurugram
Date : August 28, 2020

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, 2020 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 - ₹202.40 crores Sale of Goods - ₹9.46 crores Sale of Assets - ₹0.75 crore Availing or rendering of Services - ₹0.81 crore Rent Income - ₹8.41 crores Purchase of Assets - ₹7.71 crores Rent Expenses - ₹0.42 crore Job Work Expenses - ₹3.28 crores Recovery of Expenses - ₹49.14 crores
e.	Date of approval by the Board/Date of approval by the Shareholders	11 th February, 2019/30 th September, 2019
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

Place: Gurugram
Date : August 28, 2020

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

Independent Auditor’s Report

**To the Members of
Rico Auto Industries Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Rico Auto Industries Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

4. 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.
5. 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 from step down subsidiary:</p> <p>As at 31 March 2020, the Company has given loans amounting to ₹44.83 crores from a step subsidiary company, Rico Jinfei Wheels Limited (hereinafter referred to as "Subsidiary"), as disclosed in Note 7 and Note 42 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, which is more complex in the current year due to the required assessment of impact of COVID-19 on the aforesaid assumptions.</p> <p>Considering the materiality of the above matter to the 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"> a) Obtained an understanding from the management with respect to process and controls implemented by the Company to determine recoverability of the amounts receivable from its subsidiary companies; b) Obtained the valuation model from the management and reviewed their conclusions, including reading the report provided by an independent valuation expert engaged by the management; c) Assessed the professional competence, objectivity and capabilities of the third party expert engaged by the management for performing the required valuations to estimate the recoverable value of the amounts receivable from the subsidiary; d) Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections; e) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied by engaging auditor's valuation specialists. Tested the discount rate and terminal growth rates used in the forecast including comparison to economic and industry forecasts, considering the impact of Covid-19, where appropriate; f) Evaluated sensitivity analysis performed by the management and further performed independent sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and g) Evaluated the appropriateness and adequacy 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 standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

- 15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- 16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
 - 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 accompanying standalone financial statements;
 - 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 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - f. we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 17 June 2020 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 31 March 2020;
 - ii. the Company, has made provision as at 31 March 2020, 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 31 March 2020; and

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Place: New Delhi

Membership No.: 517273

Date : June 17, 2020

UDIN No.: 20517273AAAACO1264

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. In respect of immovable properties in the nature of land and building that have been taken on lease and disclosed under the head property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee as per the agreement.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and 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; and
 - (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) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Errors and Mismatch of challans in returns filed to Income Tax Department	0.03	Nil	Assessment year 2009-10 to 2019-20	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	0.52	Nil	Financial year 2004-05 to 2008-09	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of cenvat credit on tax paid on marine insurance, catering, tent house and taxi	0.01	Nil	Financial year 2014-15 and 2015-16	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of cenvat credit on insurance of plant & machinery and stock.	0.51	Nil	Financial year 2011-12 to 2013-14	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Deposit of inadmissible cenvat credit availed on the capital goods destroyed in fire	0.39	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeal)
Finance Act, 1994	Denial of credit taken on outward freight	0.07	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeal)
Finance Act, 1994	Denial of credit taken on credit taken on Service of insurance and tour and travelling services	0.10	Nil	Financial year 2015-16 to 2017-18	Commissioner, Central Excise (Appeal)
Haryana Local Area Development Tax Act, 2000	Applicability of local area development tax on items purchased	0.01	Nil	Financial year 2001-02 to 2003-04	Joint Commissioner (Appeal)
Central Excise Act, 1944	Supply of components without adding cost of designs/drawings/specifications	3.15	Nil	Financial year 2013-14 to 2017-18	Commissioner of CGST
Central Excise Act, 1944	Non-payment of excise duty on amount of sales tax retained by the assessee	0.56	Nil	Financial year 2011-12 to 2013-14	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

Arun Tandon
Partner

Place: New Delhi
Date : June 17, 2020

Membership No.: 517273
UDIN No.: 20517273AAAACO1264

Annexure B

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

1. In conjunction with our audit of the standalone financial statements of Rico Auto Industries Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements

and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Membership No.: 517273

UDIN No.: 20517273AAAACO1264

Place: New Delhi

Date : June 17, 2020

BALANCE SHEET AS AT MARCH 31, 2020

(₹ in Crores)

	Notes	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, plant and equipment	5	559.59	470.26
(b) Capital work-in-progress	5	50.01	70.51
(c) Intangible assets	5	3.25	–
(d) Financial assets			
(i) Investments	6	137.56	136.55
(ii) Loans	7	66.26	87.64
(iii) Other financial assets	8	8.27	–
(e) Other non-current assets	9	15.61	15.51
Total non-current assets		840.55	780.47
2. CURRENT ASSETS			
(a) Inventories	10	126.80	97.60
(b) Financial assets			
(i) Trade receivables	11	250.69	246.21
(ii) Cash and cash equivalents	12	1.27	0.64
(iii) Bank balances other than (ii) above	13	1.49	1.43
(iv) Loans	7	1.02	1.02
(v) Other financial assets	8	35.21	7.53
(c) Other current assets	9	43.72	48.42
(d) Current tax assets		1.19	–
Total current assets		461.39	402.85
Total assets		1,301.94	1,183.32
II. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity share capital	14	13.53	13.53
(b) Other equity	15	571.99	566.76
Total equity		585.52	580.29
LIABILITIES			
2. NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	16	207.37	148.70
(ii) Other financial liabilities	17	2.61	–
(b) Provisions	18	12.88	12.82
(c) Deferred tax liabilities (net)	31	9.98	18.19
(d) Other non-current liabilities	19	2.94	3.00
Total non-current liabilities		235.78	182.71
3. CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	16	153.81	142.62
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	20	41.89	32.19
b) Total outstanding dues of creditors other than micro and small enterprises	20	167.22	121.67
(iii) Other financial liabilities	17	90.22	86.13
(b) Other current liabilities	19	27.50	37.46
(c) Current tax liabilities (net)	21	–	0.25
Total current liabilities		480.64	420.32
Total equity and liabilities		1,301.94	1,183.32

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

1 to 53

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

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

Arun Tandon
Partner
Membership No.: 517273

Rakesh Kumar Sharma
Chief Financial Officer

Place: New Delhi
Date : June 17, 2020

B.M Jhamb
Company Secretary

Amarjit Chopra
Director
DIN : 00043355

Arvind Kapur
Chairman, CEO &
Managing Director
DIN : 00096308

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE			
Revenue from operations	22	1,192.73	1,195.89
Other income	23	33.54	28.61
Total revenue		1,226.27	1,224.50
EXPENSES			
(a) Cost of materials consumed	24	760.59	806.08
(b) Purchases of Stock-in-Trade		6.18	7.77
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25	(3.95)	(22.69)
(d) Other manufacturing expenses	26	143.15	118.14
(e) Employee benefits expense	27	119.18	105.46
(f) Finance costs	28	27.18	23.14
(g) Depreciation and amortisation expense	5	59.96	43.83
(h) Other expenses	29	95.12	67.21
Total expenses		1,207.41	1,148.94
Profit before exceptional items and tax		18.86	75.56
Exceptional items	30	5.21	9.13
Profit before tax		13.65	66.43
Tax expense	31		
Current tax		2.23	14.02
Deferred tax expense/ (credit)		(5.16)	3.65
Total tax expense		(2.93)	17.67
Profit for the year		16.58	48.76
Other comprehensive income			
(a) Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan obligation		(1.75)	(0.69)
Income tax		0.63	0.24
(b) Items that will be reclassified to statement of profit and loss			
Effective portion of loss on designated portion of hedging instruments in a cash flow hedge		(6.95)	–
Income tax		2.43	–
Other comprehensive loss for the year		(5.64)	(0.45)
Total comprehensive income for the year		10.94	48.31
Earnings per share			
Basic and Diluted (nominal value per share ₹1)	32	1.23	3.60

Summary of significant accounting policies and other explanatory information

1 to 53

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

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

Arun Tandon
Partner
Membership No.: 517273

Rakesh Kumar Sharma
Chief Financial Officer

Amarjit Chopra
Director
DIN : 00043355

Arvind Kapur
Chairman, CEO &
Managing Director
DIN : 00096308

Place: New Delhi
Date : June 17, 2020

B.M Jhamb
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020
A Equity share capital

(₹ in Crores)

	No. of shares	Amount
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
Changes in equity share capital during the year	–	–
Balance as at March 31, 2020	13,52,85,000	13.53

B Other equity

(₹ in Crores)

	Capital reserve*	Capital redemption reserve	Securities premium	Foreign currency monetary item translation difference account ("FCMITDA")	General reserve	Retained earnings	Total
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
Net profit for the year	–	–	–	–	–	16.58	16.58
Other comprehensive income for the year (net of taxes)	–	–	–	–	–	(5.64)	(5.64)
Total comprehensive income for the year	–	–	–	–	–	10.94	10.94
Dividend on equity shares	–	–	–	–	–	(5.41)	(5.41)
Tax on dividend	–	–	–	–	–	(0.32)	(0.32)
Exchange difference accumulated during the year	–	–	–	0.22	–	–	0.22
Exchange difference amortised during the year	–	–	–	(0.20)	–	–	(0.20)
Balance as at March 31, 2020	0.00	2.00	145.04	0.26	79.54	345.15	571.99

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

 For and on behalf of the Board of Directors of
Rico Auto Industries Limited
Arun Tandon
 Partner
 Membership No.: 517273

Rakesh Kumar Sharma
 Chief Financial Officer

 Place: New Delhi
 Date : June 17, 2020

B.M Jhamb
 Company Secretary

Amarjit Chopra
 Director
 DIN : 00043355

Arvind Kapur
 Chairman, CEO &
 Managing Director
 DIN : 00096308

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Net profit before tax	13.65	66.43
Adjustments for:		
Depreciation and amortisation	59.96	43.83
Provision for doubtful debts	0.31	0.46
Balances written off	0.22	–
Excess provision written back	(1.67)	–
Dividend income from subsidiary companies	(4.50)	(5.03)
Profit on sale of property, plant and equipment	(0.10)	(0.55)
Unrealised foreign exchange (gain)/loss, net	(5.49)	4.23
Finance costs	27.18	23.14
Unwinding of deferred income	(0.06)	(0.11)
Interest income	(9.76)	(8.62)
Operating profit before working capital changes	79.74	123.78
Movement in working capital		
Movement in inventories	(29.20)	(44.57)
Movement in trade receivables	0.44	(24.22)
Movement in other financial assets (current and non-current)	(12.99)	(2.35)
Movement in other assets (current and non-current)	(7.31)	(13.91)
Movement in trade payables	56.92	40.08
Movement in other financial liabilities (current and non-current)	3.18	(1.66)
Movement other liabilities and provisions (current and non-current)	(10.32)	28.22
	80.47	105.37
Direct taxes paid (net of refunds)	(3.69)	(11.66)
Net cash generated from operating activities	76.78	93.70
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital advances)	(131.18)	(160.11)
Sale of property, plant and equipment	1.59	1.16
Purchase of investments	(1.00)	–
Sale of investments	–	2.57
Loan recovered from subsidiary company	9.50	–
Dividend income from subsidiary companies	4.50	5.03
Movement in bank deposits	(0.05)	1.35
Interest received	6.81	2.27
Net cash used in investing activities	(109.83)	(147.72)
C. Cash flow from financing activities		
Proceeds from non-current borrowings	101.56	141.75
Repayment of non-current borrowings	(46.33)	(70.69)
Payment of lease liabilities	(0.47)	–
Proceeds from current borrowings (net)	11.27	14.91
Dividend paid (including corporate dividend tax)	(5.73)	(12.34)
Interest paid	(26.62)	(22.68)
Net cash generated from financing activities	33.68	50.96
Net increase/(decrease) in cash and cash equivalents	0.63	(3.06)
Cash and cash equivalents at the beginning of the year	0.64	3.70
Cash and cash equivalents at the close of the year (Refer Note 12)	1.27	0.64

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

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

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

Arun Tandon
Partner
Membership No.: 517273

Rakesh Kumar Sharma
Chief Financial Officer

Amarjit Chopra
Director
DIN : 00043355

Arvind Kapur
Chairman, CEO &
Managing Director
DIN : 00096308

Place: New Delhi
Date : June 17, 2020

B.M Jhamb
Company Secretary

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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 aluminum and ferrous components and assemblies to Original Equipment Manufacturers across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and research and development across aluminum and ferrous products. The Company is in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

2. RECENT ACCOUNTING PRONOUNCEMENTS

New standards adopted during the year

i) In AS 116 Leases

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 April 1, 2019. The Company has adopted the new standard on the effective date using modified retrospective method.

The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

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.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions and has determined, based on evaluation of its tax compliances that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix do not have an impact on the financial statements of the Company.

Standards issued but not yet effective

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

i) Ind AS 116 Leases

Amendments to Ind AS 116 proposes 'Covid-19 related rent concessions' provides guidance, that as a practical expedient, a lessee may elect not to assess whether rent concessions occurring as a direct consequence of the covid-19 pandemic, meets the conditions of a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification. In case the lessee applies such practical expedient, the same is required to be disclosed along with the amount recognised in the Statement of Profit and Loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the said practical expedient. Such amendments are applicable for annual reporting periods beginning on or after April 1, 2020.

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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

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

ii) Functional and presentation currency:

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

iii) Going concern and basis 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

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 and Loss.

Dividend income

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

Contract assets

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

Contract liabilities

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

ii) Leases

Company as a lessee

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

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

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

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

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

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

Company as lessor

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

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.

Transition

Effective April 01, 2019, the Company adopted Ind AS 116 Leases and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method, on the date of initial application. This new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. Ind AS 116 supersedes Ind AS 17 and its associated interpretative guidance. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and Right-of-use assets were measured at the amount of the lease liability (adjusted for any prepaid or accrued lease expenses). Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

iii) Government grants, subsidies and export incentives

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

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

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

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

iv) Property, plant and equipment

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

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

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

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

v) Intangible assets

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

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

vi) Depreciation and amortisation

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

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

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

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

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

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

* Includes Right of Use asset having estimated useful life of 99 years.

** Includes Right of Use asset recognised during the year having estimated useful life of 9 years.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

vii) Fair value measurement

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the 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.

viii) Financial instruments

Recognition and initial measurement

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

Subsequent measurement

Financial assets

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- 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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

De-recognition of financial assets

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

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

Financial liabilities

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

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

Impairment of financial assets

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

ix) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts previously recognised in the Other Comprehensive Income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

x) Inventories

Inventories are valued as follows:

Raw materials, stores and spares

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

Work in progress

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

Finished goods

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

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

xi) Business combination

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

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

xii) Employee benefits

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

a. Provident fund and Employee State Insurance scheme

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

b. Gratuity

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

c. Compensated absences

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

xiii) Research and development expenses

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

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

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

xiv) Borrowing cost

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

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

xv) Foreign currency transactions

Initial recognition

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

Subsequent recognition

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

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

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

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

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

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

xvi) Taxation

Tax expense recognised in the Statement of Profit and Loss comprises the sum of deferred tax and current tax except the ones recognised in Other Comprehensive Income or directly in equity.

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

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

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

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

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

xvii) Provisions and contingencies

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

xviii) Earnings per share

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

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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

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

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

xx) Cash and cash equivalents

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

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

xxi) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest 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 determining impairment of investment in/ loan advanced to subsidiary companies;
- provision and contingent liabilities;
- carrying values of inventories;
- carrying values of hedging instruments; and
- cash flow projections and liquidity assessment with respect to Covid-19, refer Note 48.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (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, 2019	Additions	Disposals	Exchange differences	As at March 31, 2020	As at April 01, 2019	Charge for the year	Adjustment upon deletion	As at March 31, 2020	As at March 31, 2019
Land*	45.96	0.54	-	-	46.50	0.58	0.20	-	45.72	45.38
Buildings**	127.34	11.50	-	-	138.84	10.11	5.01	-	123.72	117.23
Furniture and fixtures	2.60	0.48	-	-	3.08	0.52	0.55	-	2.01	2.08
Plant and machinery	354.60	120.15	10.03	-	464.72	82.47	38.29	6.30	350.25	272.13
Dies and moulds	31.70	19.54	3.86	-	47.38	8.99	12.41	3.68	29.66	22.71
Vehicles	13.46	0.92	0.62	-	13.76	6.15	2.43	0.49	5.67	7.31
Office equipment	5.97	0.22	0.15	-	6.04	2.55	1.07	0.14	2.56	3.42
Total Property, plant and equipment	581.63	153.35	14.66	-	720.32	111.37	59.96	10.61	559.59	470.26

*Includes Right of Use asset amounting to ₹19.02 crores with net block of ₹18.24 crores as at the reporting date, refer note 47.

**Includes Right of Use asset recognised during the year amounting to ₹3.22 crores with net block of ₹3.07 crores as at the reporting date, refer note 47.

B Intangible assets

Particulars	Gross block			Accumulated depreciation			Net block			
	As at April 01, 2019	Additions	Disposals	Exchange differences	As at March 31, 2020	As at April 01, 2019	Charge for the year	Adjustment upon deletion	As at March 31, 2020	As at March 31, 2019
Product development	-	3.25	-	-	3.25	-	0.00*	-	3.25	-

*Amounts have been rounded off to zero.

C Capital work-in-progress

	Amount
Capital work-in-progress as at March 31, 2020	50.01
Capital work-in-progress as at March 31, 2019	70.51

D Borrowing costs capitalized/transferred to capital work in progress during the year amounts to ₹1.97 crores (Previous year ₹1.73 crores) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's borrowings during the year, in this case 9.67% (Previous year 6.81%)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
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, 2019: 2,500 equity shares of US\$ 10 each)		
Rico Auto Industries (UK) Ltd. (U.K.)	0.17	0.17
20,000 equity share of GBP 1 each (March 31, 2019: 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, 2019: 50,000 equity shares of ₹10 each)		
Rico Investments Limited		
116,000,000 equity shares of ₹10 each (March 31, 2019: 115,000,000 equity shares of ₹10 each)	116.00	115.00
Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited)	21.21	21.21
21,520,000 equity Shares of ₹10 each (March 31, 2019: 21,520,000 equity shares of ₹10 each)		
	137.56	136.55
Aggregate amount of un-quoted investment at cost (Non-current investment)	137.56	136.55
7 LOANS		
(Unsecured, considered good)		
Non-current		
Loan to related parties (refer note 42)	54.93	82.73
Security deposits	11.33	4.91
	66.26	87.64
Current		
Loans to employees	1.02	1.02
	1.02	1.02
8 OTHER FINANCIAL ASSETS		
(Unsecured, considered good)		
Non-current		
Contract asset (refer note 46)	8.27	-
	8.27	-
Current		
Current portion of loan to related parties (refer note 42)	21.16	-
Interest receivable	0.39	0.30
Income tax refund receivable	2.88	-
Unbilled revenue (refer note 46)	0.67	0.49
Contract asset (refer note 46)	2.07	-
Derivative asset measured at fair value (refer note 33)	0.78	0.56
Gratuity recoverable	1.89	3.25
Recoverable from electricity board	4.67	2.77
Others	0.70	0.16
	35.21	7.53

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
9 OTHER ASSETS		
(Unsecured, considered good)		
Non-current		
Capital advances	15.39	12.27
Income tax receivable	–	2.86
Prepaid expenses	0.22	0.38
	<u>15.61</u>	<u>15.51</u>
Current		
Advance to suppliers	8.59	10.86
Prepaid expenses	4.65	4.38
Balance with statutory/ government authorities	21.73	22.78
Export incentive receivable	5.56	5.31
Others	3.19	5.09
	<u>43.72</u>	<u>48.42</u>
10 INVENTORIES		
(valued at lower of cost or net realisable value)		
Raw material and components	34.90	19.51
Work-in-progress	4.38	1.45
Finished goods	38.15	37.13
Goods-in-transit (finished goods)	0.72	3.69
Stores and spares	48.65	35.82
	<u>126.80</u>	<u>97.60</u>
11 TRADE RECEIVABLES		
Unsecured, considered good	250.69	246.21
Unsecured, credit impaired	0.31	0.46
	<u>251.00</u>	<u>246.67</u>
Less: loss allowance	(0.31)	(0.46)
	<u>250.69</u>	<u>246.21</u>
12 CASH AND CASH EQUIVALENTS		
Cash on hand	0.27	0.10
Balances with banks:		
In current accounts	1.00	0.54
	<u>1.27</u>	<u>0.64</u>
13 OTHER BANK BALANCES		
Unpaid dividend accounts**	1.39	1.40
Bank deposits with maturity of more than 3 months and less than 12 months*	0.10	0.03
	<u>1.49</u>	<u>1.43</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 dividends in note 17.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
14 EQUITY SHARE CAPITAL		
a) Authorised		
490,000,000 equity shares of ₹1/- each (March 31, 2019: 490,000,000 equity shares of ₹1/- each)	49.00	49.00
5,000,000 redeemable preference shares of ₹10/- each (March 31, 2019: 5,000,000 redeemable preference shares of ₹10/- each)	5.00	5.00
	54.00	54.00
b) Issued, subscribed and paid-up		
135,285,000 equity shares of ₹1/- each fully paid up (March 31, 2019: 135,285,000 equity shares of ₹1/- each)	13.53	13.53
	13.53	13.53

c) Reconciliation of number of equity shares outstanding

	Year ended March 31, 2020		Year ended March 31, 2019	
	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	13.53	13,52,85,000	13.53	13,52,85,000

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 shareholder	As at March 31, 2020		As at March 31, 2019	
	% of holding	No of shares	% of holding	No of shares
ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)	15.40	2,08,38,321	15.40	2,08,38,321
Arvind Kapur	9.37	1,26,74,960	9.37	1,26,74,960
Arun Kapur	6.47	87,56,599	6.44	87,08,416
Meraki Manufacturing and Finvest Advisors Private Limited	8.72	1,17,90,841	8.72	1,17,90,841
Higain Investments Private Limited	5.60	75,80,628	5.60	75,70,628

The above information is furnished as per the shareholders register as on March 31, 2020.

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, 2020 (Contd.)

	(₹ in Crores)	
	As at March 31, 2020	As at March 31, 2019
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	0.26	0.24
General reserve	79.54	79.54
Retained earnings	345.15	339.94
	571.99	566.76
Reconciliation of reserves		
Capital reserve		
Opening balance*	0.00	0.00
Add : Additions during the year	-	-
Less : Utilised/ transferred during the year	-	-
Closing balance*	0.00	0.00
Capital redemption reserve		
Opening balance	2.00	2.00
Add : Additions during the year	-	-
Less : Utilised/transferred during the year	-	-
Closing balance	2.00	2.00
Securities premium		
Opening balance	145.04	145.04
Add : Additions during the year	-	-
Less : Utilised/transferred during the year	-	-
Closing balance	145.04	145.04
Foreign currency monetary item translation difference		
Opening balance	0.24	0.19
Add : Exchange differences accumulated during the year	0.22	0.68
Less : Exchange differences amortised during the year	(0.20)	(0.63)
Closing balance	0.26	0.24
General reserve		
Opening balance	79.54	79.54
Add: Transferred from statement of profit and loss	-	-
Closing balance	79.54	79.54
Surplus in profit and loss account		
Opening balance	339.94	303.96
Add : Profit transferred from statement of profit and loss	16.58	48.76
Less : Other comprehensive income for the year (net of taxes)	(5.64)	(0.45)
Less : Final dividend on equity shares**	(5.41)	(5.41)
Less : Corporate dividend tax on above**	(0.32)	(0.41)
Less : Interim dividend on equity shares	-	(5.41)
Less : Corporate dividend tax on above	-	(1.10)
Closing balance	345.15	339.94
	571.99	566.76

* Amounts have been rounded off to zero

** pertains to year ended March 31, 2019. The Company has taken credit for the corporate dividend tax paid by the subsidiary company in accordance with the provisions of Income Tax Act.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (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, 2020	As at March 31, 2019
16	BORROWINGS		
	Non-current (Secured)*		
	Term loan		
	From banks		
	Foreign currency loans	60.06	77.96
	Rupee loans	149.82	115.27
	From Financial institutions		
	Rupee loans	25.00	-
	Vehicle loans		
	From financial institutions	1.45	2.34
	From banks	0.94	1.44
	Non-current (Unsecured)		
	Term loan		
	From related parties (refer note 42)	15.00	-
		<u>252.27</u>	<u>197.01</u>
	Less: Current maturities of long term secured borrowings (refer note 17)	44.90	48.31
		<u>207.37</u>	<u>148.70</u>
	Current (Secured) **		
	Working capital loans from banks:		
	Rupee loans	153.81	142.62
		<u>153.81</u>	<u>142.62</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. The loan has been fully repaid on October 28, 2019.	-	5.93
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. The loan has been fully repaid on October 28, 2019.	-	1.11

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
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% 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.	2.85	7.78
A4 The Company has taken a Foreign currency term loan along with Interest rate swap 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	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. The loan has been fully repaid on June 21, 2019.	-	2.52
A6 Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.70% to 10.05% per annum (previous year 9.70% to 10.05% 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. The loan has been fully repaid on June 24, 2019.	-	6.67
A7 Rupee term loan from RBL Bank Limited carries interest 10.50% per annum (previous year 9.70% to 10.50 % per annum) and is repayable in 14 equal quarterly installments starting June 2017. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	0.71	2.14
A8 Rupee term loan from Yes Bank Limited carries interest @ 9.45% to 10.40% per annum (previous year 9.05% to 10.20% 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.	60.35	47.13
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.	8.79	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 @ 8.80% to 9.40% per annum (previous year 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.	13.63	13.86

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

		(₹ in Crores)	
		As at March 31, 2020	As at March 31, 2019
A11	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.85% to 9.45% per annum (previous year 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	1.77
A12	The company has converted rupee term loan in euro, a cross currency swap from Kotak Mahindra Bank Limited, carries interest @ 3.05% per annum on euro notional (previous year @ 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.	32.43	30.09
A13	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.20% to 9.60% per annum and is repayable in 16 equal quarterly instalments after moratorium of 9 quarters starting February, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	4.90	-
A14	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.15% to 9.50% per annum and is repayable in 16 equal quarterly instalments after moratorium of 3 quarters starting August,2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	27.24	-
A15	Rupee term loan from Bajaj Finance Limited carries interest @ 9.30% per annum and is repayable in 19 equal quarterly installments after moratorium of 5 quarters starting May 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	25.00	-
A16	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).	2.39	3.78
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 (previous year Euribor + 0.35% to 0.50% per annum).	12.69	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 (previous year Euribor + 0.78% per annum).	7.62	7.02
		237.27	197.01
Unsecured loans			
	Rupee term loan from wholly owned subsidiary Rico Fluidtroniucs Limited carries interest @ 8% per annum and is repayable in 10 equal half yearly installments after moratorium of 3 quarters starting June 2020.	15.00	-
		252.27	197.01

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

		(₹ in Crores)	
		As at March 31, 2020	As at March 31, 2019
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) carrying interest rate ranging from 9.05% to 10.55%.	153.81	142.62
		<u>153.81</u>	<u>142.62</u>
		(₹ in Crores)	
		As at March 31, 2020	As at March 31, 2019
17 OTHER FINANCIAL LIABILITIES			
	Non Current		
	Lease liability (refer note 47)	2.61	-
		<u>2.61</u>	<u>-</u>
	Current		
	Current maturities of long-term debts (refer note 16 for security and repayment details)		
	Secured		
	Foreign currency loans	16.76	38.83
	Rupee loans	28.14	9.48
	Derivative liability measured at fair value (refer note 33)	9.77	-
	Lease liability (refer note 47)	0.53	-
	Interest accrued but not due on borrowings	1.71	1.15
	Unclaimed dividends	1.39	1.33
	Security deposit	2.34	2.31
	Payable for capital purchases	26.07	24.67
	Employee benefit payable	3.51	8.36
		<u>90.22</u>	<u>86.13</u>
18 PROVISIONS			
	Non-current		
	Provision for gratuity (refer note 39)	8.68	8.68
	Provision for compensated absences	4.20	4.14
		<u>12.88</u>	<u>12.82</u>
19 OTHER LIABILITIES			
	Non-current		
	Security deposits	1.78	1.84
	Deferred revenue	1.16	1.16
		<u>2.94</u>	<u>3.00</u>
	Current		
	Statutory liabilities	4.47	3.62
	Security deposits	0.76	0.56
	Advances from customers (refer note 46)	22.01	31.78
	Other liabilities	0.26	1.50
		<u>27.50</u>	<u>37.46</u>
20 TRADE PAYABLES			
	Payable to micro enterprises and small enterprises (refer note 37)	41.89	32.19
	Other payables	144.31	112.47
	Due to related parties (refer note 42)	22.91	9.20
		<u>209.11</u>	<u>153.86</u>
21 CURRENT TAX LIABILITIES (NET)			
	Provision for income tax (net of advance tax: ₹3.65 Crore) (March 31, 2019: net of advance tax: ₹10.21 crore)	-	0.25
		<u>-</u>	<u>0.25</u>

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
22 REVENUE FROM OPERATIONS		
Sale of products	1,157.35	1,167.11
Sale of services		
Job work income	0.99	0.78
Other operating revenues		
Scrap sales	10.34	9.10
Duty draw back and other incentives	18.38	17.11
Support services	3.24	1.79
Others	2.43	-
	<u>1,192.73</u>	<u>1,195.89</u>
23 OTHER INCOME		
Interest income	9.76	8.62
Dividend income from subsidiary companies	4.50	5.03
Exchange rate fluctuation (net)	8.21	4.50
Rental income from operating lease	7.63	7.56
Miscellaneous income	3.44	2.90
	<u>33.54</u>	<u>28.61</u>
24 COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	19.51	14.07
Add : Purchases during the year	775.98	811.51
Less : Closing stock	34.90	19.51
Raw material and components consumed	<u>760.59</u>	<u>806.08</u>
25 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	1.45	4.98
Closing stock	4.38	1.45
	<u>(2.93)</u>	<u>3.53</u>
(b) Finished goods		
Opening stock	37.13	10.92
Closing stock	38.15	37.13
	<u>(1.02)</u>	<u>(26.21)</u>
	<u>(3.95)</u>	<u>(22.69)</u>
26 OTHER MANUFACTURING EXPENSES		
Consumption of stores and spares	41.94	31.13
Power and fuel	51.75	47.81
Sub contracting expenses	49.46	39.20
	<u>143.15</u>	<u>118.14</u>
27 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	101.07	90.99
Contribution to provident and other funds (refer note 39)	10.59	8.76
Staff welfare expenses	7.52	5.71
	<u>119.18</u>	<u>105.46</u>
28 FINANCE COSTS		
Interest expense	24.00	20.41
Other borrowing costs	1.57	2.73
Exchange differences regarded as an adjustment to borrowing costs	1.61	-
	<u>27.18</u>	<u>23.14</u>

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
29 OTHER EXPENSES		
Rent (refer note 47)	2.46	2.09
Repairs		
Buildings	1.33	1.14
Machinery	5.22	4.09
Others	3.14	3.36
Insurance	2.49	2.43
Rates and taxes	0.57	0.51
Directors' sitting fees	0.33	0.26
Traveling and conveyance	4.98	4.35
Legal and professional*	9.96	5.36
Vehicle running and maintenance expenses	2.76	2.67
Freight and forwarding	51.04	34.18
Line rejection and re-work charges	7.25	4.65
Provision for doubtful debts	0.53	-
Miscellaneous expenses	3.06	2.12
	<u>95.12</u>	<u>67.21</u>
*Includes payment to the auditors on account of:		
Audit services	0.56	0.47
Other services	0.06	0.07
Reimbursement of expenses	0.06	0.04
	<u>0.68</u>	<u>0.58</u>
30 EXCEPTIONAL ITEMS		
Expenditure incurred on account of voluntary retirement scheme	5.21	9.13
	<u>5.21</u>	<u>9.13</u>

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

31 INCOME TAX

A The reconciliation of estimated income tax expense at statutory income tax rate is as follows:

(₹ in Crores)

	Year ended March 31, 2020		Year ended March 31, 2019	
	Amount	%	Amount	
Profit from continuing operations before income tax expense	13.65		66.43	
Income tax using the Company's domestic tax rate	4.77	34.94%	23.21	34.94%
Tax incentives and concessions	(5.04)	(36.91%)	(6.59)	(9.92%)
Non deductible expenses	0.53	3.89%	0.40	0.60%
Effect of change in tax rates (refer note below)	(3.19)	(23.37%)	0.65	0.97%
Income tax expenses recognised in the statement of profit and loss	<u>(2.93)</u>	<u>(21.45%)</u>	<u>17.67</u>	<u>26.60%</u>

Note:

Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Company has carried out an evaluation and based on its forecasted profits, believes it will not be beneficial for the Company to choose the lower tax rate option till the year ending March 31, 2023. Accordingly, current tax liabilities have been recorded at effective rate of 34.944% and deferred tax asset/liabilities revering after 31 March 2023 have been recorded at lower tax rate of 25.17% resulting in reversal of deferred tax liabilities (net) of ₹3.19 crores.

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

(₹ 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, 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
	<u>27.66</u>	<u>12.34</u>	<u>–</u>	<u>40.00</u>
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
	<u>(12.88)</u>	<u>(8.69)</u>	<u>(0.24)</u>	<u>(21.81)</u>
Net deferred tax liabilities	<u>14.77</u>	<u>3.65</u>	<u>(0.24)</u>	<u>18.19</u>
For the period ended March 31, 2020				
Deferred tax liabilities				
Depreciation and amortisation	26.42	6.34	–	32.76
Financial assets and liabilities at amortised cost	13.42	1.81	–	15.23
Others	0.16	(0.16)	–	–
	<u>40.00</u>	<u>7.99</u>	<u>–</u>	<u>47.99</u>
Deferred tax assets				
Employee benefits	(9.18)	0.92	(0.63)	(8.89)
Carry forward loss	–	(11.05)	–	(11.05)
Minimum alternative tax credit entitlement	(12.78)	(2.22)	–	(15.00)
Effective portion of loss on hedging instruments	–	–	(2.43)	(2.43)
Others	0.15	(0.79)	–	(0.64)
	<u>(21.81)</u>	<u>(13.14)</u>	<u>(3.06)</u>	<u>(38.01)</u>
Net deferred tax liabilities	<u>18.19</u>	<u>(5.16)</u>	<u>(3.06)</u>	<u>9.98</u>

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

32 EARNING PER SHARE

(₹ in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax (A)(₹)	16.58	48.76
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) (₹)	1.23	3.60

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, 2020			As at March 31, 2019	
	FVTPL	Derivatives (FV) used for hedging	Amortised Cost*	FVTPL	Amortised Cost*
Financial assets					
Non-current					
Loans	-	-	66.26	-	87.64
Other financial assets	-	-	8.27	-	-
Current					
Trade Receivables	-	-	250.69	-	246.21
Cash and cash equivalents	-	-	1.27	-	0.64
Bank balances other than cash and cash equivalents	-	-	1.49	-	1.43
Loans	-	-	1.02	-	1.02
Other financial assets	-	0.78	34.43	0.56	6.97
	-	0.78	363.43	0.56	343.91
Financial liabilities					
Non-current					
Borrowings (excluding current maturities)	-	-	207.37	-	148.70
Other financial liabilities	-	-	2.61	-	-
Current					
Borrowings	-	-	153.81	-	142.62
Trade payables	-	-	209.11	-	153.86
Other financial liabilities	-	9.77	80.45	-	86.13
	-	9.77	653.35	-	531.31

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

B Fair value hierarchy

The categories used are as follows:

- Level 1: Quoted price in active market.
- Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Company.

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at	Level 1	Level 2	Level 3	Total
Derivative asset	March 31, 2020	-	0.78	-	0.78
Derivative liability	March 31, 2020	-	9.77	-	9.77
Derivative asset	March 31, 2019	-	0.56	-	0.56

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

C Derivative financial instruments and hedge accounting

The Company's exposure arises mainly on import (of raw material and capital items), export (of finished goods) and foreign currency borrowings. The Company follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Company, management uses certain derivative instruments to manage its exposure to the foreign currency risk. Foreign currency transactions are managed within approved policy parameters. The Company uses forward contracts, cross currency swap and interest rate swaps to hedge its exposure to foreign currency and interest rate risk. Effective April 1, 2019, these derivatives are designated as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

Impact of hedging activities

(i) Effects of hedge accounting on balance sheet as at 31 March 2020:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 11,701,802	-	6.54	Apr 2020 – Sep 2025	78.33	(4.27)	4.31
(ii) Forward contracts	USD 8,850,000	0.73	2.04	Apr 2020 – Sep 2020	73.07	(1.31)	1.31
(iii) Forward contracts	EUR 600,000	0.05	-	Apr 2020 – Sep 2020	84.81	(0.05)	0.05
Interest rate risk							
(i) Interest rate swap	EUR 4,754,829	-	1.19	Apr 2020 – Sep 2024	2.80%	0.11	(0.11)
Total		0.78	9.77				

(ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2020:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Cash flow hedge				
Foreign exchange risk	(8.37)	(0.04)	1.55	Revenue
Interest rate risk	0.11	-	(0.24)	Finance cost

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

(iii) Movement in cash flow hedge reserve

Particulars	Foreign currency and interest rate risk
Opening balance	-
Add: Changes in fair value of hedging instruments	(8.26)
Less: Amounts reclassified to profit or loss	1.31
Less: Deferred tax relating to above (net)	2.43
Closing balance	(4.52)

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.

Total debt divided by total equity

	(₹ in Crores)	
	As at March 31, 2020	As at March 31, 2019
Total debts*	406.08	339.63
Total equity#	585.52	580.28
Debt equity ratio	0.69	0.59

* includes short term and long term borrowings with current maturities

includes equity share capital and other equity

Note: The Company is in compliance with all the loan covenants on all the borrowings outstanding as at the reporting dates, except for those in respect of which Company has obtained waiver letters from banks for breach of covenants. Accordingly, no adjustment has been recorded in the books of accounts.

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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

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

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

(₹ in Crores)

As at March 31, 2020	USD	JPY	EURO	GBP	Others	Total
Trade payable	12.19	0.28	13.67	–	–	26.14
Advance from customer	1.44	–	1.30	2.84	–	5.58
Other Payables	0.01	–	0.07	–	–	0.08
Borrowings:						
Term loan#	2.83	–	116.96	–	–	119.79
Less: Investments	0.19	–	–	0.19	–	0.38
Less: Cash & Bank	0.00	–	0.33	–	–	0.33
Less: Advance to supplier	3.65	1.15	8.96	–	–	13.76
Less: Trade receivable	53.25	–	13.15	–	–	66.40
Net payable	(40.62)	(0.87)	109.57	2.66	–	70.74
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	0.41	0.01	(1.10)	(0.03)	–	(0.71)
Sensitivity to decrease of 1%	(0.41)	(0.01)	1.10	0.03	–	0.71

Includes INR to EURO Swap amounting to EURO 6,946,973 outstanding as at 31 March 2020.

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	(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 31 March 2019.

(₹ in Crores)

Currency sold	As at March 31, 2020	As at March 31, 2019
Derivatives outstanding at the reporting date:		
Forward contract (sell) against exports	USD 64.66	48.85
Forward contract (sell) against exports	EURO 5.09	–

b. Interest rate risk:

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

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	193.90	223.73

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

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

(₹ in Crores)		
Variable rate borrowings	Year ended March 31, 2020	Year ended March 31, 2019
Interest rate increase by 0.5%	0.97	1.12
Interest rate decrease by 0.5%	(0.97)	(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, 2020	As at March 31, 2019
Cash and cash equivalents	1.27	0.64
Other bank balances	1.49	1.43
Trade receivables	250.69	246.21
Loans	67.28	88.66
Other financial assets	43.48	7.53

Cash and cash equivalents and bank balances

Credit risk relating to cash and cash equivalents and restricted cash is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an on-going basis.

Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. In Accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 and March 31, 2019 is insignificant. Top five customers for the year ended March 31, 2020 constitutes 49.31% of net trade receivables (March 31, 2019: 54.48%).

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:

(₹ in Crores)		
Particulars	As at March 31, 2020	As at March 31, 2019
A Trade Receivables		
Outstanding for more than six months	10.98	5.50
Others	239.71	240.71
	250.69	246.21
B Loans		
Less than 1 year	21.16	-
1-3 years	37.85	57.47
More than 3 years	17.07	25.26
	76.09	82.73

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

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 requirements.

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

(₹ in Crores)

	Less than 1 year	1 - 3 years	More than 3 years	Total
As at March 31, 2020				
Borrowing	198.71	123.55	83.82	406.08
Interest accrued but not due on borrowings	1.71	–	–	1.71
Trade payable (including payable for capital goods)	235.18	–	–	235.18
Unclaimed dividends	1.39	–	–	1.39
Employee benefit payable	3.51	–	–	3.51
Security deposit	2.34	–	–	2.34
Derivative liability measured at fair value	9.77	–	–	9.77
Lease liability	0.53	0.91	1.70	3.14
	453.14	124.46	85.52	663.12
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
	382.61	84.38	64.32	531.31

36 CONTINGENCIES

A Contingent liability

A1 Demand against the Company not acknowledged as liability

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Income tax	0.03	0.00*
Sales tax and Value added tax	0.61	0.61
Excise and service tax	6.50	9.82
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60
Others	–	0.01

* Amounts have been rounded off to zero

** 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 with DHBVN. The case is presently pending and next hearing is on July 17, 2020.

A2 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 ₹4.38 crores (March 31, 2019: ₹4.66 crores).

A3 The Company has given comfort letter to banks for funds raised by its subsidiary companies, namely Rico Jinfei Wheels Limited and Rico Aluminium and Ferrous Auto Components Limited.

A4 The Company has given corporate guarantee for the funds raised by its subsidiary company, AAN Engineering Industries Limited.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

B Other matter

GAIL (India) Limited ("GAIL") had raised a demand against the Company in relation to minimum gas consumption by the Company in accordance with the terms of Gas Sale Agreement executed between GAIL and the Company. The Company had filed a case against GAIL with Competition Commission of India which was decided in favour of the Company, however GAIL continued to send demand notices to the Company (amounting to ₹34.58 crores, as at March 31, 2019) however Company refuted the claims filed by GAIL. During the year, Company has received waiver letters from GAIL in respect of such demand notices and accordingly the Company believes that there will be no outflow of resources in respect of claims filed by GAIL.

37 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Crores)

	As at March 31, 2020		As at March 31, 2019	
	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;	41.89	–	32.19	0.02
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
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, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹15.39 crores (March 31, 2019: ₹12.27 crores)]	38.65	67.84

39 Employee benefits

A. Defined contribution plans

(₹ in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
Employer's contribution to provident fund	5.82	4.79
Employer's contribution to ESI	0.29	0.29

B. Defined benefit plan

GRATUITY

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

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

(₹ in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
B1 Change in defined benefit obligation		
Present value of obligation as at beginning of the year	17.69	17.88
Current service cost*	1.42	1.28
Interest cost	1.35	1.39
Benefits paid	(4.55)	(3.51)
Actuarial loss	1.53	0.65
Present value of obligation as at end of the year	17.44	17.69
*Included in employee benefit expenses.		
B2 Change in fair value of plan assets		
Fair value of assets at the beginning of the year	9.01	8.88
Expected return on plan assets	0.70	0.69
Employers contributions	3.60	2.95
Benefits paid	(4.55)	(3.51)
Fair value of plan assets as at end of the year	8.76	9.01
B3 The amounts to be recognised in balance sheet		
Present value of obligation as at the end of the period	17.44	17.69
Fair value of plan assets as at the end of the period	8.76	(9.01)
Net liability recognised in Balance Sheet	8.68	8.68
– Non-current	8.68	8.68
B4 Expense recognised during the year		
In income statement		
Current service cost	1.42	1.28
Interest cost (net of income)	0.65	0.70
Net cost	2.07	1.98
In other comprehensive income		
– Change in financial assumptions	(0.70)	0.17
– experience variance (i.e. Actual experience vs assumptions)	2.45	0.52
Net cost	1.75	0.69
B5 Actuarial assumptions:		
Discount rate	6.80%	7.70%
Rate of increase in compensation levels	0% for first year 5.5% thereafter	6.25%
Mortality rate (% of IALM 06-08)	100%	100.00%
Retirement age (years)	58	58
Attrition / Withdrawal rates, based on age (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (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, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	16.58	18.38	16.85	18.59
Impact of change in salary (+/- 0.5%)	18.39	16.56	18.60	16.84
Impact of change in attrition rate (+/- 0.5%)	17.50	17.38	17.75	17.63

B7 Experience adjustment related to gratuity is summarised as below:

Particulars	(₹ in Crores)				
	Year ended				
	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
On plan liabilities - gain/(loss)	(0.30)	(1.54)	(1.44)	(0.52)	(2.45)
On plan assets - gain/(loss)	(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, 2020	Year ended March 31, 2019
Discount rate	6.80%	7.70%
Salary growth rate	0% for first year 5.5% thereafter	6.25%
Mortality rate (% of IALM 06-08)	100%	100.00%
Retirement age (years)	58	58
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

40 EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	(₹ in Crores)	
	Year ended March 31, 2020	Year ended March 31, 2019
Capital expenditure	4.05	7.33
Employee benefits expense	10.34	10.68
Revenue expenditure other than depreciation	3.01	3.48
Depreciation on research and development assets	1.29	1.36

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (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 March 31, 2020	As at March 31, 2019	Maximum balance outstanding during the year ended	
			March 31, 2020	March 31, 2019
Rasa Autocom Limited (Step down Subsidiary)	26.03	28.87	32.03	28.87
Rico Jinfei Wheels Limited (Step down Subsidiary)	44.83	49.06	54.33	49.06
AAN Engineering Industries Limited (Subsidiary)	5.24	4.80	5.24	4.80

42 RELATED PARTY DISCLOSURES

I Related parties

A Subsidiaries

A1 Indian

- i. AAN Engineering Industries Limited
- ii. Rico Investments Limited
- iii. Rico Aluminium and Ferrous Auto Components Limited (step down subsidiary)
- iv. Rasa Autocom Limited (step down subsidiary)
- v. Rico Jinfei Wheels Limited (step down subsidiary)
- vi. Rico Fluidtronics Limited (formally known as Magna Rico Powertrain Private Limited)

A2 Foreign

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

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

- i. ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services 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

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 (demised on 30 December 2019)
- iv) Smt. Upasna Kapur – Non Executive Director
- v) Shri Amarjit Chopra – Independent Director
- vi) Shri Satish Sekhri – Independent Director
- vii) Shri Ashok Seth – Independent Director
- viii) Shri Kanwal Monga – 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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

II Transactions with related parties:

		(₹ in Crores)	
		Year ended March 31, 2020	Year ended March 31, 2019
A	Step down subsidiary/Subsidiary		
1	Rasa Autocom Limited		
	Purchase of goods	85.12	65.92
	Sale of goods	20.63	9.22
	Sale of assets	3.25	0.00
	Purchase of asset	0.78	-
	Reimbursement of expenses	0.56	0.81
	Recovery of expenses	0.57	-
	Rent paid	0.22	0.20
	Interest income	3.15	2.84
2	Rico Jinfei Wheels Limited		
	Purchase of goods	4.49	7.00
	Sale of goods	2.53	5.52
	Sale of dies	-	0.03
	Job work expense	0.05	0.15
	Loan received back	9.50	2.05
	Recovery of expenses	0.09	0.10
	Interest income	5.27	4.86
	Purchase of machinery	0.25	-
3	Rico Aluminium and Ferrous Auto Components Limited		
	Purchase of goods	202.40	265.23
	Sale of goods or materials	9.46	9.41
	Sale of assets	0.75	0.06
	Rent income	8.41	8.41
	Purchase of assets	7.71	0.41
	Rent expense	0.42	0.41
	Job work expenses	3.28	7.71
	Recovery of expenses	49.14	63.54
	Reimbursement of expenses	-	0.10
	Purchase of Services	0.81	-
4	Rico Auto Industries Inc, USA		
	Sale of goods	127.08	127.90
	Reimbursement of expenses	4.09	0.80
5	Rico Auto Industries (UK) Limited, UK		
	Sale of goods	3.96	70.61
	Reimbursement of expenses	0.11	2.14
6	AAN Engineering Industries Limited		
	Sale of services	-	0.86
	Rent income	0.28	0.32
	Recovery of expenses	0.14	0.28
	Interest income	0.43	0.53
	Sale of goods	2.38	-
	Job work expenses	0.03	-
	Purchase of goods	2.41	-
	Purchase of assets	0.71	-
7	Rico Investments Limited		
	Rent income	0.01	0.01
	Dividend received	1.16	3.45
	Investment	1.00	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

	Year ended March 31, 2020	Year ended March 31, 2019
(₹ in Crores)		
8 Rico Fluidtronics Limited (formerly known as Magna Rico Powertrain Private Limited)		
Loan received	15.00	–
Sale of goods	6.05	5.94
Affiliation fees	1.85	0.32
Dividend received	3.34	1.58
Interest paid	0.52	–
Purchase of goods	2.44	–
Reimbursement of expenses	0.57	–
B Entity in which directors are interested		
1 Rico Castings Limited		
Purchase of Goods	17.64	18.33
Sale of goods	11.63	–
Reimbursement of expense	–	0.02
Recovery of expenses	0.02	–
2 Kapbros Engineering Industries Limited		
Purchase of goods	68.49	73.31
Sales of goods	5.51	4.72
Purchase of assets	1.41	2.62
Sale of assets	0.56	–
Recovery of expenses	0.87	1.38
Reimbursement of expenses	0.04	–
3 ASN Manufacturing and Services Private Limited (Formerly Kapsons Manufacturing and Services Private Limited)		
Rent expense	1.15	1.27
Rent income	0.11	0.04
Job work expense	0.17	0.33
Sale of goods	0.92	–
Purchase of goods	1.07	–
Reimbursement of expense	0.01	0.03
4 Magpie Manufacturing and Tech Private Limited (Formerly Magpie Finvest Advisors Private Limited)		
Rent paid*	–	0.00
Purchase of goods	10.37	1.13
5 T.K. Precision Private Limited		
Purchase of goods	6.16	4.98
Recovery of expenses	0.07	–
6 Ishwara Manufacturing and Finvest Advisors Private Limited		
Rent expense	0.06	0.08
7 ASN Properties Private Limited		
Rent income*	0.00	–
8 Key management personnel compensation**		
Shri Arvind Kapur	4.56	3.73
Shri Arun Kapur	0.65	0.65
Shri Rakesh Kumar Sharma	0.71	0.65
Shri B.M. Jhamb	0.42	0.43
Sitting fees and commission	0.48	0.98

* Amounts have been rounded off to zero

** As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in KMP compensation. Gratuity and compensated absence are included in the year of payment.

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, 2020 (Contd.)

III Balances with related parties:

		(₹ in Crores)	
		As at March 31, 2020	As at March 31, 2019
A	Step down subsidiary/Subsidiary		
1	Rasa Autocom Limited		
	Balance payable, net	9.73	2.35
	Loans	26.03	28.87
2	Rico Jinfei Wheels Limited		
	Balance payable, net	1.37	0.60
	Loans	44.83	49.06
3	Rico Aluminium and Ferrous Auto Components Limited		
	Balance recoverable	31.15	14.77
4	Rico Auto Industries Inc, USA		
	Balance recoverable	31.77	34.31
5	Rico Auto Industries (UK) Limited, UK		
	Balance recoverable	–	12.81
	Balance payable, net	4.98	–
6	AAN Engineering Industries Limited		
	Balance recoverable	–	0.05
	Balance payable, net	0.12	–
	Loans	5.24	4.80
7	Rico Investments Limited		
	Balance recoverable*	0.00	–
8	Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited)		
	Borrowing	15.00	–
	Balance recoverable	–	0.98
	Balance payable, net	0.84	–
	Interest payable	0.52	–
B	Entity in which directors are interested		
1	Rico Castings Limited		
	Balance recoverable, net	2.99	0.18
2	Kapbros Engineering Industries Limited		
	Balance payable, net	0.33	3.48
3	ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)		
	Balance recoverable, net	0.35	–
	Balance payable, net	–	0.33
4	Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)		
	Balance payable	1.20	1.13
5	Haridwar Estates Private Limited		
	Advance given	0.09	0.09
6	T.K. Precision Private Limited		
	Balance payable, net	1.79	1.32
7	Ishvara Manufacturing and Finvest Advisors Private Limited		
	Balance payable	–	0.02
8	ASN Properties Private Limited		
	Balance recoverable	0.00*	–

* Amounts have been rounded off to zero

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

- 43 The Company has opted to provide segment information in its consolidated financial statements in accordance with Ind AS 108 - Operating Segments; accordingly, disclosures are not made in the standalone financial statements.
- 44 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:

	As at March 31, 2020	As at March 31, 2019
(₹ in Crores)		
Un-amortised exchange differences-		
- Property, plant and equipment	4.97	2.93
- FCMITDA	0.26	0.24

- 45 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.

46 REVENUE

Following are the disclosures with respect to revenue from operations in accordance with Ind AS 115 –

The Company's revenue disaggregated by geographical markets is as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(₹ in Crores)		
India	882.24	899.06
Rest of the world	310.49	296.83
Total	1,192.73	1,195.89

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Particulars	As at March 31, 2020	As at March 31, 2019
(₹ in Crores)		
Trade receivables*	250.69	246.21
Contract balances		
- Contract asset**	10.34	-
- Unbilled revenue	0.67	0.49
- Advances from customers	22.01	31.78

* Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

** Contract asset relate to assets recognised from costs incurred to fulfill the contracts with customers. Such costs include direct material costs along with other inspection costs directly related to the contracts. The costs incurred will generate new orders for the Company and Company expects significant revenues from those orders. Accordingly, costs incurred are expected to be recovered in the future years. The contract asset shall be amortised from next year onwards over a period of 5 years on the basis in which revenue will be earned from the sale of the components.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

Significant changes in contract balances during the year are as follows:

(₹ in Crores)

Particulars	As at March 31, 2020		
	Contract asset	Unbilled revenue	Advances from customers
Opening balances	–	0.49	31.78
Addition during the year	10.34	0.67	20.04
Revenue recognised/ amount adjusted/amortised during the year	–	(0.49)	(29.81)
Closing balance	10.34	0.67	22.01

47 LEASES

i. Nature of Leasing activities

During the year, the Company has entered into lease arrangements for land, office and factory buildings that are renewable on a periodic basis with approval of both lessor and lessee. The Company does not have any lease commitments towards variable rent as per the contract.

ii. Lease liabilities are presented in the Balance Sheet as follows:

(₹ in Crores)

Particulars	As at March 31, 2020
Non-current portion	2.61
Current portion	0.53
Total lease liability	3.14

iii. Lease payments not recognised as liability:

The expense relating to payments not included in the measurement of the lease liability is as follows:

(₹ in Crores)

Particulars	As at March 31, 2020
Short term leases	2.46
Total	2.46

iv) Information on the right-of-use assets is as follows:

(₹ in Crores)

Particulars	Carrying amount (Net block)	Depreciation Expense
As on March 31, 2020		
Land*	18.24	0.20
Building**	3.07	0.16
Total	21.31	0.36

* Right of use asset amounting to ₹19.02 crores as at March 31, 2020. Carrying amount of net block and accumulated depreciation as on March 31, 2019 amounting to ₹18.44 crores and ₹0.58 crores respectively.

**Right of use asset recognised during the year amounting to ₹3.22 crores

v. Total cash outflow pertaining to leases during the year ended March 31, 2020 is ₹0.47 crores. Interest expense on lease liability is ₹0.15 crores for the year.

The Company did not have any leases covered under Ind AS 116 as on transition date. Since there were no lease commitments as at March 31, 2019, hence disclosure related to reconciliation of total lease commitments as at March 31, 2019 to the lease liabilities recognised at April 01, 2019 is not applicable.

48 The spread of Covid 19 has affected the business operations post the national lock down. The Company has taken various measures in consonance with Central and State Government advisories to contain the pandemic, which included closing of manufacturing facilities. Post lifting of the lock down, the Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company has also performed sensitivity analysis on the assumptions used and does not foresee any significant incremental risk to the recoverability of its assets. In pursuant to the relaxed guidelines, the

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020 (Contd.)

Company has now resumed its operations at all its plants. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of these financial results. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

49 EVENTS AFTER BALANCE SHEET DATE

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

50 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The funds were primarily allocated and 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 ₹1.23 crores (March 31, 2019: ₹1.04 crores).
b) Amount spent during the year on:

(All amounts in ₹ crores unless otherwise stated)

Particulars	In cash	Yet to be paid in cash	Total*
Year ended March 31, 2020:			
Construction/acquisition of any asset	0.47	0.72	1.19
On purposes other than (i) above	0.21	-	0.21
Year ended March 31, 2019:			
Construction/acquisition of any asset	0.57	-	0.57
On purposes other than (i) above	0.47	-	0.47

* The Company has proposed to spend ₹1.40 crores as against minimum amount of ₹1.23 crores in accordance with the approval of CSR Committee.

51 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

During the previous years, there was amendment to Ind AS 7 Statement of cash flows, which require the entities to provide disclosures that enable users of 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 statements; accordingly, the reconciliation is not disclosed.

- 52 Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.
53 The financial statements for the year ended March 31, 2020 were authorised and approved for issue by the board of directors on June 17, 2020.

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

Arun Tandon
Partner
Membership No.: 517273

Rakesh Kumar Sharma
Chief Financial Officer

Place: New Delhi
Date : June 17, 2020

B.M Jhamb
Company Secretary

Amarjit Chopra
Director
DIN : 00043355

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	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	USD (Exchang Rate 71.38)	GBP (Exchang Rate 94.66)	INR	INR	INR	INR
Share Capital	118.70	0.05	0.12	0.16	46.05	47.50	41.00	42.24
Reserves & Surplus	6.79	(4.75)	28.17	6.70	(8.72)	(44.49)	(14.60)	6.07
Total Assets	125.64	1.99	62.27	7.97	103.53	83.82	68.89	76.60
Total Liabilities	0.15	6.68	33.98	1.11	66.20	80.81	42.48	28.29
Investments	73.50	-	-	-	-	-	8.47	9.50
Turnover (Net of Excise)	-	1.94	138.54	5.57	191.90	118.75	67.69	78.96
Profit before taxation	5.39	(1.86)	1.78	(0.31)	(12.72)	0.62	10.53	9.82
Provision for taxation	1.16	0.09	0.56	-	(3.55)	-	3.96	2.65
Profit after taxation	4.23	(1.95)	1.22	(0.31)	(9.17)	0.62	6.57	7.17
Proposed Dividend	1.24	-	-	-	1.11	-	-	7.89
% of shareholding	97.73	100.00	100.00	100.00	100.00	74.79	100.00	50.95

Notes: 1. Name of Subsidiaries which are yet to commence operations: N.A.
2. Name of Subsidiaries which have been liquidated or sold during the year: N.A.

Part "B": Associates and Joint Ventures

- Not Applicable -

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

Rakesh Kumar Sharma
Chief Financial Officer

B.M Jhamb
Company Secretary

Amarjit Chopra
Director
(DIN : 00043355)

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

Place: New Delhi
Date : June 17, 2020

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20

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 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and 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 of the Group, as at 31 March 2020, and their consolidated profit (including other comprehensive income), 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, 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>Assessment for recoverability of carrying amount of net assets of a subsidiary company:</p> <p>As at 31 March 2020, the Group carries net assets amounting to ₹47.83 crores in respect of a subsidiary company, Rico Jinfei Wheels Limited (hereinafter referred to as "Subsidiary") as disclosed in Note 46 to the accompanying consolidated financial statements. The subsidiary has either incurred losses or has had low operating profits during the current and previous years.</p> <p>The group has assessed the recoverability of the net assets of the subsidiary, which is determined to be a separate cash generating unit ('CGU'). Considering its operational performance, there is a risk that this CGU may not achieve the anticipated business performance, leading to an impairment of the net assets of the CGU.</p> <p>Management has assessed the recoverable value of the CGU by determining the value-in-use of the CGU using the discounted cashflow method. Such determination involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity, which is further complex in the current year due to the required assessment of impact of COVID-19 on the aforesaid assumptions.</p>	<p>Our audit included, but were not limited to, the following procedures:</p> <ol style="list-style-type: none"> Obtained an understanding from the management with respect to process and controls implemented by the Company for determination of a cash generating unit, identification of impairment indicators in accordance with the principles of Ind AS 36 'Impairment of assets' and for determining recoverable value of CGUs; Obtained the value-in-use computation of the CGU 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 engaged by the management for performing the required valuations to estimate the recoverable value of the CGU; Tested the inputs used in the aforesaid computation 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;

Key audit matter	How our audit addressed the key audit matter
<p>Considering the materiality of the above matter to the consolidated financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.</p>	<p>e) Assessed the reasonableness of the assumptions used in the value-in-use computation by engaging auditor's valuation specialists. Tested the inputs used in cash flow projections such as discount rate and terminal growth rates used in the forecast including comparison to economic and industry forecasts considering the impact of Covid-19, where appropriate;</p> <p>f) Evaluated sensitivity analysis performed by the management and performed independent sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</p> <p>g) Evaluated the appropriateness and adequacy of disclosures made in the financial statements in accordance with the applicable accounting standards.</p>

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

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

Our opinion on the consolidated financial statements does not cover the other information and we 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

- The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. 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 financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

- In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
- 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

- 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.
- 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 has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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; and
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 4 subsidiaries, whose financial information reflects total assets of ₹239.12 crores and net assets of ₹164.98 crores as at 31 March 2020, total revenues of ₹199.41 crores and net cash outflows amounting to ₹0.61 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report 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, 1 subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in that country and which have been audited by other auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiary located outside India, is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company and its subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

- c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; 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 35 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 32 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 31 March 2020; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

Arun Tandon
Partner

Place: New Delhi
Date : June 17, 2020

Membership No.: 517273
UDIN No.: 20517273AAAACN1920

Annexure A

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

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 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

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

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

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

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 3 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹231.16 crores and net assets of ₹158.12 crores as at 31 March 2020, total revenues of ₹193.84 crores and net cash outflows amounting to ₹0.03 crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Place: New Delhi

Date : June 17, 2020

Membership No.: 517273

UDIN No.: 20517273AAAACN1920

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(₹ in Crores)

	Notes	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, plant and equipment	5	687.03	603.29
(b) Capital work-in-progress	5	63.35	80.04
(c) Other intangible assets	5	4.48	2.06
(d) Financial assets			
(i) Loans	6	76.50	76.48
(ii) Other financial assets	7	8.27	3.82
(e) Deferred tax assets	30B1	9.74	9.52
(f) Other non-current assets	8	16.70	18.10
Total non-current assets		866.07	793.31
2. CURRENT ASSETS			
(a) Inventories	9	185.02	161.15
(b) Financial assets			
(i) Trade receivables	10	266.24	271.84
(ii) Cash and cash equivalents	11	11.83	24.89
(iii) Bank balances other than (ii) above	12	4.75	2.34
(iv) Loans	6	6.40	6.41
(v) Other financial assets	7	29.58	9.35
(c) Current tax assets		2.39	–
(d) Other current assets	8	56.01	57.58
Total current assets		562.22	533.56
Total assets		1,428.29	1,326.87
II. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity share capital	13	13.53	13.53
(b) Other equity	14	607.45	602.47
		620.98	616.00
(c) Non-controlling interests		2.88	3.87
Total equity		623.86	619.87
2. NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	15	209.82	164.81
(ii) Other financial liabilities	16	10.27	–
(b) Provisions	17	23.12	22.52
(c) Deferred tax liabilities (net)	30B2	8.58	16.96
(d) Other non-current liabilities	18	3.40	3.47
Total non-current liabilities		255.19	207.76
3. CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	15	163.55	161.52
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	19	48.99	34.55
b) Total outstanding dues of creditors other than micro and small enterprises	19	204.39	159.92
(iii) Other financial liabilities	16	97.52	98.14
(b) Other current liabilities	18	32.61	43.59
(c) Provisions	17	1.00	0.80
(d) Current tax liabilities (net)	20	1.18	0.72
Total current liabilities		549.24	499.24
Total equity and liabilities		1,428.29	1,326.87

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

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

Arun Tandon
Partner
Membership No.: 517273

Place : New Delhi
Date : June 17, 2020

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

Rakesh Kumar Sharma
Chief Financial Officer

B.M Jhamb
Company Secretary

Amarjit Chopra
Director
DIN : 00043355

Arvind Kapur
Chairman, CEO &
Managing Director
DIN : 00096308

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE			
Revenue from operations	21	1,401.07	1,392.65
Other income	22	22.71	19.41
Total revenue		<u>1,423.78</u>	<u>1,412.06</u>
EXPENSES			
(a) Cost of material consumed	23	741.39	768.97
(b) Changes in inventories of finished goods, stock-in-trade and work in progress	24	(0.86)	(24.04)
(c) Other manufacturing expenses	25	256.17	253.33
(d) Employee benefits expense	26	171.90	152.91
(e) Finance costs	27	31.20	26.79
(f) Depreciation and amortisation expense	5	79.57	57.70
(g) Other expenses	28	118.72	97.83
Total expenses		<u>1,398.09</u>	<u>1,333.49</u>
Profit before share of profit of joint venture, exceptional items and tax		25.69	78.57
Share of profit of joint venture		—	3.16
Profit before exceptional items and tax		<u>25.69</u>	<u>81.73</u>
Exceptional items	29	6.79	9.60
Profit before tax		<u>18.90</u>	<u>72.13</u>
Tax expenses	30		
Current tax		7.84	16.92
Deferred tax expense/ (credit)		(5.62)	4.18
Income tax expense		<u>2.22</u>	<u>21.10</u>
Profit after tax		<u>16.68</u>	<u>51.03</u>
Other comprehensive income			
A Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit obligations		(1.57)	0.69
Share of other comprehensive income in Joint venture*		—	—
Income tax expense		0.55	(0.24)
B Items that will be reclassified to profit and loss			
Exchange differences on translation of foreign operations		1.18	0.45
Effective portion of loss on designated portion of hedging instruments in a cash flow hedge		(6.95)	—
Income tax expense		2.43	—
Net other comprehensive income for the year		<u>(4.36)</u>	<u>0.90</u>
Total comprehensive income for the year		<u>12.32</u>	<u>51.92</u>
Net profit attributable to:			
Owners of the Company		16.60	50.52
Non controlling interest		0.08	0.51
Other comprehensive income attributable to:			
Owners of the Company		(4.36)	0.90
Non controlling interest*		(0.00)	0.00
Total comprehensive income attributable to:			
Owners of the Company		12.24	51.42
Non controlling interest		0.08	0.51
Earnings per share			
Basic and Diluted (nominal value per share ₹1)	31	1.23	3.73

Summary of significant accounting policies and other explanatory information
This is the Consolidated statement of profit and loss referred to in our report of even date.

1 to 51

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

Arun Tandon
Partner
Membership No.: 517273

Rakesh Kumar Sharma
Chief Financial Officer

Amarjit Chopra
Director
DIN : 00043355

Arvind Kapur
Chairman, CEO &
Managing Director
DIN : 00096308

Place : New Delhi
Date : June 17, 2020

B.M Jhamb
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020
A Equity share capital

(₹ in Crores)

	No. of shares	Amount
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
Changes in equity share capital during the year	—	—
Balance as at March 31, 2020	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	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, 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	14.29	—	—	—	—	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	339.21	602.47	3.87
Net profit for the year	—	—	—	—	—	—	16.60	16.60	0.08
Movement due to acquisition of shares from minority	—	—	—	—	—	—	0.05	0.05	(1.07)
Other comprehensive income for the year (net of taxes)*	—	—	—	—	—	1.18	(5.54)	(4.36)	—
Total comprehensive income for the year	—	—	—	—	—	1.18	11.11	12.29	(0.99)
Dividend on equity shares	—	—	—	—	—	—	(5.41)	(5.41)	—
Tax on dividend	—	—	—	—	—	—	(1.94)	(1.94)	—
Interim dividend on equity shares	—	—	—	—	—	—	—	—	—
Tax on interim dividend	—	—	—	—	—	—	—	—	—
Exchange difference accumulated during the year	—	—	—	0.24	—	—	—	0.24	—
Exchange difference amortised during the year	—	—	—	(0.20)	—	—	—	(0.20)	—
Balance as at March 31, 2020	14.29	2.00	145.04	0.39	99.70	3.06	342.97	607.45	2.88

* Amounts have been rounded off to zero

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

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

 For and on behalf of the Board of Directors of
Rico Auto Industries Limited
Arun Tandon
 Partner
 Membership No.: 517273

Rakesh Kumar Sharma
 Chief Financial Officer

 Place : New Delhi
 Date : June 17, 2020

B.M Jhamb
 Company Secretary

Amarjit Chopra
 Director
 DIN : 00043355

Arvind Kapur
 Chairman, CEO &
 Managing Director
 DIN : 00096308

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Net profit before tax and Minority Interest	18.90	72.13
Adjustments for:		
Depreciation and amortisation	79.57	57.70
Excess provision written back	(1.45)	–
Provision for doubtful debts	0.31	0.46
Gain on acquisition of control over Joint venture	–	(2.24)
Profit from joint venture, Magna Rico	–	(3.16)
Profit on sale of assets	(0.10)	(0.60)
Finance cost	31.20	26.79
Mark to market (gain)/ loss on derivatives	–	(0.56)
Unrealised exchange gain or loss, net	(5.49)	1.61
Unwinding of deferred revenue	(0.06)	(0.11)
Interest income	(9.76)	(7.38)
Operating profit before working capital changes	113.12	144.64
Adjustments for:		
Movement in trade receivables	8.95	(26.78)
Movement in loans and other financial assets (current and non-current)	(12.43)	(8.70)
Movement in other assets (current and non-current)	6.25	(4.37)
Movement in inventories	(23.87)	(28.88)
Movement in trade payables	60.57	22.26
Movement in other financial liabilities (current and non-current)	(1.11)	17.38
Movement in other liabilities and provisions (current and non-current)	(22.48)	27.94
	129.00	143.49
Less: Direct taxes paid (net of refunds)	(9.79)	(15.50)
Net cash generated from operating activities	119.21	127.99
B. Cash flow from investing activities		
Purchase of property, plant and equipment/ addition to capital work in progress(including capital advances)	(136.31)	(209.70)
Proceeds from sale of property plant and equipment	2.03	0.92
Acquisition of control over joint venture (refer note 50)	–	14.50
Movement in bank deposits	(2.41)	(0.19)
Sale of investments	–	2.66
Interest received	0.81	10.91
Net cash used in investing activities	(135.88)	(180.90)
C. Cash flow from financing activities		
Proceeds from non-current borrowings	86.56	123.65
Payment of lease liabilities	(0.47)	–
Repayment of non-current borrowings	(49.33)	(43.25)
Proceeds from current borrowings, net	2.03	26.49
Dividend paid (including corporate dividend tax)	(7.32)	(13.02)
Interest paid	(29.04)	(25.20)
Net cash generated from financing activities	2.43	68.67
Net increase in cash and cash equivalents	(14.24)	15.76
Effect of foreign currency fluctuation arising out of consolidation	1.18	0.45
Cash and cash equivalents at the beginning of the year	24.89	8.68
Cash and cash equivalents at the close of the year (refer note 11)	11.83	24.89

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

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

Arun Tandon
Partner
Membership No.: 517273

Place : New Delhi
Date : June 17, 2020

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

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, 2020

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. RECENT ACCOUNTING PRONOUNCEMENTS

New standards adopted during the year

i) Ind AS 116 Leases

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 April 1, 2019. The Group has adopted the new standard on the effective date using modified retrospective method.

The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

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.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions and has determined, based on evaluation of its tax compliances that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix do not have an impact on the financial statements of the Group.

Standards issued but not yet effective

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

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, 2020 (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.

• 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.

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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

Contract assets

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

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.

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:

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

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
Product development	5
Software	3
Customer relations	5

* Includes Right of Use asset having estimated useful life of 99 years.

** Includes Right of Use asset recognised during the year having estimated useful life of 9 years.

vi) Fair value measurement

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the 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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

Financial assets

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

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

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI 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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

vii) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts previously recognised in the Other Comprehensive Income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

viii) 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.

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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

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 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.

xi) 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.

xii) 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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

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.

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 lessee

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

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

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

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

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

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

The Group as lessor

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

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

Transition

Effective April 01, 2019, the Group adopted Ind AS 116 Leases and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method, on the date of initial application. This new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. Ind AS 116 supersedes Ind AS 17 and its associated interpretative guidance. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and Right-of-use assets were measured at the amount of the lease liability (adjusted for any prepaid or accrued lease expenses). Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

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, 2020 (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;
- functional currency assessment;
- carrying values of hedging instruments; and
- cash flow projections and liquidity assessment.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (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, 2019	Additions during the year	Disposals during the year	As at March 31, 2020	Charge for the year	Adjustment upon deletion	As at March 31, 2020	As at March 31, 2019
Land*	56.72	1.89	-	58.61	0.33	-	57.70	56.14
Buildings**	146.73	19.84	-	166.57	6.02	-	148.81	134.99
Furniture and fixtures	3.58	0.48	0.11	3.95	0.75	0.07	2.54	2.85
Plant and machinery	481.85	132.21	21.67	592.39	55.16	9.38	432.67	367.91
Dies and moulds	39.43	19.59	3.86	55.16	12.68	3.68	35.94	29.21
Vehicles	15.13	1.15	0.92	15.36	2.70	0.65	6.47	8.29
Office equipment	6.79	0.25	0.29	6.75	1.20	0.24	2.90	3.90
Total Property, plant and equipment	750.23	175.41	26.85	898.79	78.84	14.02	687.03	603.29

*Includes Right of Use asset amounting to ₹19.66 crores with net block of ₹18.75 crores as at the reporting date, refer note 45.

**Includes Right of Use asset recognised during the year amounting to ₹11.56 crores with net block of ₹11.02 crores as at the reporting date, refer note 45.

B. Intangible assets

Particulars	Gross block			Accumulated amortisation			Net block	
	As at April 01, 2019	Additions during the year	Disposals during the year	As at March 31, 2020	Charge for the year	Adjustment upon deletion	As at March 31, 2020	As at March 31, 2019
Customer relations	1.50	-	-	1.50	0.33	-	1.17	1.50
Product development	-	3.25	-	3.25	0.00*	-	3.25	-
Software	0.56	-	0.10	0.46	0.40	-	0.06	0.56
Total Intangible assets	2.06	3.25	0.10	5.21	0.73	-	4.48	2.06

*Amounts have been rounded off to zero.

C Capital Work in progress

	Amount
Capital work-in-progress as at March 31, 2020	63.35
Capital work-in-progress as at March 31, 2019	80.04

D Borrowing costs capitalized/transferred to capital work in progress during the year is ₹1.97 crores (Previous year ₹1.73 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 9.67% (Previous year: 6.81%)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
6 LOANS		
(Unsecured, considered good)		
Non current		
Loans to related parties (refer note 40)	64.14	70.72
Security deposits	12.36	5.76
	<u>76.50</u>	<u>76.48</u>
Current		
Security deposits	4.90	4.91
Loans to employees	1.50	1.50
	<u>6.40</u>	<u>6.41</u>
7 OTHER FINANCIAL ASSETS		
(Unsecured, considered good)		
Non-current		
Bank deposits with maturity of more than 12 months	-	3.82
Contract asset (refer note 44)	8.27	-
	<u>8.27</u>	<u>3.82</u>
Current		
Current portion of loan to related parties (refer note 40)	9.23	-
Interest receivable	4.60	-
Insurance claim receivable	-	0.16
Income tax refund receivable	3.08	-
Unbilled revenue (refer note 44)	0.67	0.49
Contract asset (refer note 44)	2.07	-
Derivative asset measured at fair value (refer note 32)	0.78	0.56
Gratuity recoverable	1.89	3.25
Recoverable from electricity board	4.67	2.77
Others	2.59	2.12
	<u>29.58</u>	<u>9.35</u>
8 OTHER ASSETS		
(Unsecured, considered good)		
Non-current		
Capital advances	15.94	12.74
Income tax receivable	-	4.73
Balance with statutory/ government authorities	0.17	-
Prepaid expenses	0.59	0.63
	<u>16.70</u>	<u>18.10</u>
Current		
Advance to suppliers	16.13	16.00
Prepaid expenses	5.87	5.61
Balance with statutory/government authorities	24.11	24.74
Export incentive receivable	5.56	5.31
Others	4.34	5.93
	<u>56.01</u>	<u>57.58</u>
9 INVENTORIES		
(valued at lower of cost or net realisable value)		
Raw material and components	41.59	27.75
Goods-in-transit (components)	21.81	23.50
Work-in-progress	15.67	12.25
Finished goods	47.81	50.37
Stores and spares	58.14	47.28
	<u>185.02</u>	<u>161.15</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
10 TRADE RECEIVABLES		
Unsecured, considered good	266.24	271.84
Unsecured, considered doubtful	0.51	0.46
	<u>266.75</u>	<u>272.30</u>
Less : loss allowance	(0.51)	(0.46)
	<u>266.24</u>	<u>271.84</u>
11 CASH AND CASH EQUIVALENTS		
Balances with banks		
In current accounts	6.00	5.18
Cash on hand	0.30	0.12
Deposits with original maturity less than 3 months	5.53	19.59
	<u>11.83</u>	<u>24.89</u>
12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Unpaid dividend accounts**	1.39	1.40
Bank deposits with maturity of more than 3 months and less than 12 months*	3.36	0.94
	<u>4.75</u>	<u>2.34</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 16.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
13 EQUITY SHARE CAPITAL		
a) Authorised		
490,000,000 equity shares of ₹1/- each (March 31, 2019: 490,000,000 equity shares of ₹1/- each)	49.00	49.00
5,000,000 redeemable preference shares of ₹10/- each (March 31, 2019: 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, 2019: 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, 2020		Year ended March 31, 2019	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	13.53	13,52,85,000	13.53	13,52,85,000
Movement during the year	—	—	—	—
Outstanding at the end of the year	<u>13.53</u>	<u>13,52,85,000</u>	<u>13.53</u>	<u>13,52,85,000</u>

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

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

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

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

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	% of holding	No of shares	% of holding	No of shares
ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)	15.40	2,08,38,321	15.40	2,08,38,321
Arvind Kapur	9.37	1,26,74,960	9.37	1,26,74,960
Arun Kapur	6.47	87,56,599	6.44	87,08,416
Meraki Manufacturing and Finvest Advisors Private Limited	8.72	1,17,90,841	8.72	1,17,90,841
Higain Investments Private Limited	5.60	75,80,628	5.60	75,70,628

The above information is furnished as per the shareholders register as on March 31, 2020.

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
14 OTHER EQUITY		
Capital reserve	14.29	14.29
Capital redemption reserve	2.00	2.00
Securities premium	145.04	145.04
Foreign currency monetary item translation difference	0.39	0.35
Foreign currency translation reserve	3.06	1.88
General reserve	99.70	99.70
Retained earnings	342.97	339.21
	607.45	602.47
Reconciliation of reserves		
Capital reserve		
Opening balance	14.29	0.00*
Add : Additions during the year	-	14.29
Less : Utilised/ transferred during the year	-	-
Closing balance	14.29	14.29
Capital redemption reserve		
Opening balance	2.00	2.00
Add : Additions during the year	-	-
Less : Utilised/ transferred during the year	-	-
Closing balance	2.00	2.00
Securities premium		
Opening balance	145.04	145.04
Add : Additions during the year	-	-
Less : Utilised/ transferred during the year	-	-
Closing balance	145.04	145.04
Foreign currency monetary item translation difference		
Opening balance	0.35	0.29
Add : Exchange differences accumulated during the year	0.24	0.69
Less : Exchange differences amortised during the year	(0.20)	(0.63)
Closing balance	0.39	0.35
Foreign currency translation reserve		
Opening balance	1.88	1.43
Movement during the year	1.18	0.45
Closing balance	3.06	1.88
General reserve		
Opening balance	99.70	99.70
Add : Transferred from Statement of profit and loss	-	-
Closing balance	99.70	99.70
Surplus in profit and loss account		
Opening balance	339.21	301.26
Add : Profit transferred from Statement of profit and loss	16.60	50.52
Add : Other comprehensive income	(5.54)	0.45
Less : Final dividend on equity shares**	(5.41)	(5.41)
Less : Corporate dividend tax on above**	(1.94)	(1.10)
Less : Interim dividend on equity shares	-	(5.41)
Less : Corporate dividend tax on above	-	(1.10)
Add : Movement due to acquisition of shares from minority	0.05	-
Closing balance	342.97	339.21
Net surplus as per statement of Profit and Loss	607.45	602.47

* Amounts have been rounded off to zero.

** pertains to 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, 2020 (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.

b Capital redemption reserve

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

c Securities premium

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

d Foreign currency monetary item translation difference

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

e General reserve

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

f Foreign currency translation reserve

Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at date of the balance sheet. Revenue and expenses are translated into INR at the average exchange rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to currency translation reserve account.

g 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, 2020	As at March 31, 2019
15 BORROWINGS		
Non-current		
Secured*		
Term loan		
From banks		
Foreign currency loans	60.06	77.92
Rupee loans	156.85	135.39
From financial institution		
Rupee loans	34.77	-
Vehicle loans		
From financial institutions	1.67	3.99
From banks	0.94	-
	<u>254.29</u>	<u>217.30</u>
Less: Current maturities of non-current borrowings (refer note 16)	44.46	52.49
	<u>209.83</u>	<u>164.81</u>
Current (secured)**		
Working capital loans from banks:		
Foreign currency loans	-	-
Rupee loans	163.55	161.52
	<u>163.55</u>	<u>161.52</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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

A. Security details- non-current secured loans

		(₹ in Crores)	
		As at March 31, 2020	As at March 31, 2019
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 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. The loan has been fully repaid on October 28, 2019.	–	5.93
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. The loan has been fully repaid on October 28, 2019.	–	1.11
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 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.	2.85	7.78
4	The Company has taken a Foreign Currency term loan along with Interest rate swap 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	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. The loan has been fully repaid on June 21, 2019.	–	2.52
6	Rupee term loan from Kotak Mahindra Bank Limited carries interest 10.05% per annum (previous year 9.70% to 10.05% 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. The loan has been fully repaid on June 24, 2019	–	6.58
7	Rupee term loan from RBL Bank Limited carries interest @ 9.70% to 10.50% per annum (previous year 9.70% to 10.50 % per annum) and is repayable in 14 equal quarterly installments starting June 2017. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	0.71	2.14
8	Rupee term loan from Yes Bank Limited carries interest @ 9.45 % to 10.40% per annum (previous year 9.05% to 10.20% 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.	60.35	47.13

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

		(₹ in Crores)	
		As at March 31, 2020	As at March 31, 2019
9	The Company has taken term loan alongwith a interest rate swap (INR to Euro) from Indusind Bank Limited. The loan carries fixed interest rate @ 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 and building) of the Company situated at Chennai and machinery imported under this facility.	8.79	13.61
10	The Company has taken term loan alongwith a principal only swap (INR to Euro) from Kotak Mahindra Bank Limited. The loan carries interest @ 8.80% to 9.40% per annum (previous year 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 the certain immovable properties of the Company situated at Dharuhera and Gurugram.	13.63	13.86
11	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.85% to 9.45% per annum (previous year 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	1.77
12	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.00% to 9.60% per annum (previous year 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.	32.43	30.09
13	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.20% to 9.60% per annum and is repayable in 16 equal quarterly installments after moratorium of 9 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.	4.90	-
14	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.15% to 9.50% per annum and is repayable in 16 equal quarterly installments after moratorium of 3 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.	27.24	-
15	Rupee term loan from Bajaj Finance Limited carries interest @ 9.30% per annum and is repayable in 19 equal quarterly installments after moratorium of 5 quarters starting May,2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	25.00	-
16	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).	2.39	3.78
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 (Previous year @ Euribor + 0.35% to 0.50% per annum)	12.69	16.70

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
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 Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable after 3 years carrying interest @ Euribor + 0.78% per annum (previous year Euribor + 0.78% per annum)	7.62	7.02
19 Rupee term loan from RBL Bank Limited carries Interest @ 9.90% to 9.95% per annum (previous year 9.30% per annum) 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.	4.50	7.49
20 Rupee term loan from Bajaj Finance Limited carries interest @ 8.90% to 9.40% per annum (previous year 9.00% to 9.40% per annum) and is repayable in 22 equal quarterly installments starting March'2020. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Groth Center, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Limited.	9.77	10.00
21 Rupee term loan from RBL Bank Limited carries interest @ 9.05% to 9.70% per annum (previous year 9.65% per annum) and is repayable in 16 equal quarterly installments starting October'2019. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Groth Center, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Limited.	2.53	2.89
22 Vehicle loans are secured by hypothecation of vehicles financed and are repayable in equal 60 monthly instalments, carrying interest @ 8.00% to 8.15% per annum (previous year 8.15% per annum to 8.30% per annum).	0.22	-
	<u>254.29</u>	<u>217.30</u>
B Security details		
Current secured loans		
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).	153.81	142.62
2 Cash credit facility of ₹3 crore 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.	2.63	2.94
3 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.	0.46	5.99
4 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.	6.65	9.97
	<u>163.55</u>	<u>161.52</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
16 OTHER FINANCIAL LIABILITIES		
Non Current		
Lease liability (refer note 45)	10.27	-
	<u>10.27</u>	<u>-</u>
Current		
Current maturities of long-term debts (refer note 15 for security and repayment details)		
Secured		
Foreign currency loans	16.76	40.12
Rupee loans	27.70	12.37
Derivative liability measured at fair value (refer note 32)	9.77	-
Lease liability (refer note 45)	1.02	-
Interest accrued but not due on borrowings	1.82	2.28
Unclaimed dividends	1.39	1.33
Security deposit	2.51	2.47
Payable for capital purchases	27.69	23.86
Employee benefit payable	7.68	14.04
Other liabilities	1.19	1.67
	<u>97.52</u>	<u>98.14</u>
17 PROVISIONS		
Non current		
Provision for gratuity (refer note 38)	16.95	16.18
Provision for compensated absences	5.98	6.22
Provision for warranty (refer note below)	0.19	0.12
	<u>23.12</u>	<u>22.52</u>
Current		
Provision for gratuity (refer note 38)	0.51	0.63
Provision for compensated absences	0.34	0.02
Provision for warranty (refer note below)	0.15	0.15
	<u>1.00</u>	<u>0.80</u>
Note: Movement in provision for warranty		
Opening provision	0.27	0.26
Add: charge for the year	0.13	0.17
Less: utilised during the year	(0.06)	(0.16)
Closing provision	<u>0.34</u>	<u>0.27</u>
18 OTHER LIABILITIES		
Non current		
Security deposits	2.14	2.36
Deferred revenue (refer note 44)	1.26	1.10
	<u>3.40</u>	<u>3.47</u>
Current		
Statutory liabilities	8.70	8.68
Advances from customers (refer note 44)	22.52	34.26
Deferred revenue (refer note 44)	0.07	-
Other liabilities	1.32	0.65
	<u>32.61</u>	<u>43.59</u>
19 TRADE PAYABLES		
Payable to micro enterprises and small enterprises (refer note 36)	48.99	34.55
Other Payables	201.06	153.95
Due to related parties (refer note 40)	3.33	5.97
	<u>253.38</u>	<u>194.47</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
20 CURRENT TAX LIABILITIES (NET)		
Provision for income tax (net of advance tax ₹4.34 crores, March 31, 2019: ₹12.01 crores)	1.18	0.72
	<u>1.18</u>	<u>0.72</u>
21 REVENUE FROM OPERATIONS		
Sale of products	1,356.39	1,352.66
Job work income	3.82	7.19
Other operating revenues		
Scrap sales	12.23	11.32
Duty draw back and other incentives	18.62	17.11
Others	10.01	4.37
	<u>1,401.07</u>	<u>1,392.65</u>
22 OTHER INCOME		
Interest income	9.85	7.38
Exchange rate fluctuation (net)	8.47	4.65
Rental income from operating lease	1.06	0.79
Gain on fair value change of existing investment in joint venture	—	2.24
Miscellaneous income	3.33	4.34
	<u>22.71</u>	<u>19.41</u>
23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock*	27.75	29.85
Add : Purchases during the year	755.23	765.34
Less : Closing stock	41.59	26.22
Raw material and components consumed	<u>741.39</u>	<u>768.97</u>
24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	12.25	12.43
Closing stock	15.67	12.25
	<u>(3.42)</u>	<u>0.18</u>
(b) Finished goods		
Opening stock*	50.37	25.39
Closing stock	47.81	49.61
	<u>2.56</u>	<u>(24.22)</u>
	<u>(0.86)</u>	<u>(24.04)</u>
25 OTHER MANUFACTURING EXPENSES		
Consumption of stores and spares	69.15	65.98
Power and fuel	112.63	122.78
Sub contracting expenses	74.39	64.56
	<u>256.17</u>	<u>253.33</u>
26 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	145.59	132.04
Contribution to provident and other funds (refer note 38)	15.74	12.77
Staff welfare expenses	10.57	8.10
	<u>171.90</u>	<u>152.91</u>

* excludes inventories of raw material and components and finished goods pertaining to subsidiary company Rico Fluidtronics Limited (RFL) amounting to ₹1.53 crores and ₹0.76 crore respectively. RFL was a joint venture of the Group. The Company along with its subsidiary RASA Autocom Limited acquired remaining stake in RFL on March 29, 2019. Accordingly, entire assets and liabilities of RFL as on March 29, 2019 were acquired by the Group.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
27 FINANCE COSTS		
Interest expenses on :		
Borrowings	27.02	23.44
Exchange differences regarded as an adjustment to borrowing costs	1.61	-
Other borrowing costs	2.57	3.34
	<u>31.20</u>	<u>26.79</u>
28 OTHER EXPENSES		
Rent (refer note 45)	6.14	5.29
Repairs		
Buildings	1.73	1.58
Machinery	7.01	5.74
Others	3.96	3.86
Insurance	4.37	4.03
Rates and taxes	0.76	3.19
Directors' sitting fees	0.45	0.38
Traveling and conveyance	5.62	5.00
Legal and professional*	11.87	7.24
Vehicle running and maintenance expenses	3.33	3.24
Freight and forwarding	59.45	44.70
Line rejection and re-work charges	7.39	4.88
Provision for doubtful debts	0.53	-
Miscellaneous expenses	6.11	8.69
	<u>118.72</u>	<u>97.83</u>
*Includes payments to auditors as:		
Auditors	0.90	0.90
Other service	0.09	0.09
for reimbursement expenses	0.07	0.04
	<u>1.06</u>	<u>1.03</u>
29 EXCEPTIONAL ITEMS		
Expenditure incurred on account of voluntary retirement scheme	6.79	9.60
	<u>6.79</u>	<u>9.60</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

30 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, 2020		Year ended March 31, 2019	
	Amount	%	Amount	%
Profit from continuing operations before income tax expense	18.90		72.13	
Income tax using the Company's domestic tax rate	6.60	34.94%	24.96	34.61%
Tax incentives and concessions	(5.24)	(27.72%)	(6.64)	(9.2%)
Non Deductible expenses	0.53	2.81%	0.40	0.55%
Effect of change in tax rates (refer note below)	(3.19)	(16.88%)	-	0.0%
Others	3.52	18.61%	2.38	3.3%
Income tax expense recognised in the statement of profit and loss	2.22	11.75%	21.10	29.24%

Note

Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Holding company, Rico Auto Industries Limited ('Company'), has carried out an evaluation and based on its forecasted profits, believes it will not be beneficial for the Company to choose the lower tax rate option till the year ending March 31, 2023. Accordingly, current tax liabilities have been recorded at effective rate of 34.944% and deferred tax asset/liabilities reversing after March 31, 2023 have been recorded at lower tax rate of 25.17% resulting in reversal of deferred tax liabilities (net) of ₹3.19 crores. Further subsidiary companies have also evaluated the option to adopt lower tax rate. Impact of the same is not material on subsidiary company financial statements.

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

	(₹ in Crores)			
	Opening balance	Recognised /(reversed) through profit and loss	Recognised /(reversed) through OCI/equity/ Acquisition	Closing balance
B1 Deferred tax assets*				
For the year ended March 31, 2019				
Carry forward losses	8.57	0.68	0.27	9.52
For the year ended March 31, 2020				
Carry forward losses	9.52	0.22	-	9.74
B2 Deferred tax liabilities (net)				
For the year ended March 31, 2019				
Deferred tax liabilities				
Depreciation and amortisation	20.99	5.38	-	26.37
Financial assets and liabilities at amortised 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
	<u>29.97</u>	<u>9.99</u>	<u>0.52</u>	<u>40.48</u>
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)
	<u>(18.15)</u>	<u>(5.13)</u>	<u>(0.24)</u>	<u>(23.52)</u>
Net deferred tax liabilities	<u>11.82</u>	<u>4.86</u>	<u>0.28</u>	<u>16.96</u>
For the year ended March 31, 2020				
Deferred tax liabilities				
Depreciation and amortisation	26.37	5.07	-	31.44
Financial assets and liabilities at amortised cost	13.42	1.81	-	15.23
Gain on fair value change of existing investment in joint venture	0.52	-	-	0.52
Others	0.17	(0.15)	-	0.02
	<u>40.48</u>	<u>6.73</u>	<u>-</u>	<u>47.21</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

	(₹ in Crores)			
	Opening balance	Recognised / (reversed) through profit and loss	Recognised / (reversed) through OCI/equity/ Acquisition	Closing balance
Deferred tax assets				
Employee benefits	(9.31)	1.00	(0.55)	(8.86)
Carry forward loss	–	(11.05)	–	(11.05)
Foreign currency monetary item translation difference account	(0.24)	(0.16)	–	(0.40)
Minimum alternative tax credit entitlement	(13.26)	(2.22)	–	(15.48)
Effective portion of loss on hedging instruments	–	–	(2.43)	(2.43)
Others	(0.71)	0.30	–	(0.41)
	<u>(23.52)</u>	<u>(12.13)</u>	<u>(2.98)</u>	<u>(38.63)</u>
Net deferred tax liabilities	<u>16.96</u>	<u>(5.40)</u>	<u>(2.98)</u>	<u>8.58</u>

* Pertains to subsidiary companies, namely, Rico Jinfei Wheels Limited, Rasa Autocom Limited and Rico Aluminum and Ferrous Auto Components Limited. Deferred tax asset has been created only to the extent of availability of reasonably certain future taxable profits.

	(₹ in Crores)	
	Year ended March 31, 2020	Year ended March 31, 2019
31 EARNINGS PER SHARE		
Profit after tax (A)(₹)	16.60	50.52
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) (₹)	<u>1.23</u>	<u>3.73</u>

32 FINANCIAL INSTRUMENTS

A Financial Instruments by Category

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

	As at March 31, 2020			As at March 31, 2019	
	FVTPL	Derivatives (FV) used for hedging	Amortized Cost*	FVTPL	Amortized Cost*
Financial assets					
Non-current					
Loans	–	–	76.50	–	76.48
Other financial assets	–	–	8.27	–	3.82
Current					
Trade Receivables	–	–	266.24	–	271.84
Cash and cash equivalents	–	–	11.83	–	24.89
Bank balances other than cash and cash equivalents	–	–	4.75	–	2.34
Loans	–	–	6.40	–	6.41
Other financial assets	–	0.78	28.80	0.56	8.79
	–	0.78	402.79	0.56	394.57
Financial liabilities					
Non-current					
Borrowings (excluding current maturities)	–	–	209.82	–	164.81
Other financial liabilities	–	–	10.27	–	–
Current					
Borrowings	–	–	163.55	–	161.52
Trade payables	–	–	253.39	–	194.47
Other financial liabilities	–	9.77	87.76	–	98.14
	–	9.77	724.78	–	618.94

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

B Fair value hierarchy

The categories used are as follows:

Level 1: Quoted price in active market.

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

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

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

	As at	Level 1	Level 2	Level 3	Total
Derivative asset	March 31, 2020	–	0.78	–	0.78
Derivative liability	March 31, 2020	–	9.77	–	9.77
Derivative asset	March 31, 2019	0.00	0.56	–	0.56

C Derivative financial instruments and hedge accounting

The Group's exposure arises mainly on import (of raw material and capital items), export (of finished goods) and foreign currency borrowings. The Group follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Group, management uses certain derivative instruments to manage its exposure to the foreign currency risk. Foreign currency transactions are managed within approved policy parameters. The Group uses forward contracts, cross currency swap and interest rate swaps to hedge its exposure to foreign currency and interest rate risk. Effective April 1, 2019, these derivatives are designated as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

Impact of hedging activities

(i) Effects of hedge accounting on balance sheet as at 31 March 2020:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 11,701,802	–	6.54	Apr 2020 - Sep 2025	78.33	(4.27)	4.31
(ii) Forward contracts	USD 8,850,000	0.73	2.04	Apr 2020 - Sep 2020	73.07	(1.31)	1.31
(iii) Forward contracts	EUR 600,000	0.05	–	Apr 2020 - Sep 2020	84.81	(0.05)	0.05
Interest rate risk							
(i) Interest rate swap	EUR 4,754,829	–	1.19	Apr 2020 - Sep 2024	2.80%	0.11	(0.11)
Total		0.78	9.77				

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2020:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Cash flow hedge				
Foreign exchange risk	(8.37)	(0.04)	1.55	Revenue
Interest rate risk	0.11	–	(0.24)	Finance cost

(iii) Movement in cash flow hedge reserve

Particulars	Foreign currency and interest rate risk
Opening balance	
Add: Changes in fair value of hedging instruments	(8.26)
Less: Amounts reclassified to profit or loss	1.31
Less: Deferred tax relating to above (net)	2.43
Closing balance	(4.52)

33 CAPITAL MANAGEMENT

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

Total debt divided by total equity

	(₹ in Crores)	
	As at March 31, 2020	As at March 31, 2019
Total debts*	417.83	378.82
Total equity#	620.98	616.00
Debt equity ratio	0.67	0.61

* includes short term and long term borrowings with current maturities

includes equity share capital and other equity

Note: The Group is in compliance with all the loan covenants on all the borrowings outstanding as at the reporting dates, except for those in respect of which the Group has obtained waiver letters from banks for breach of covenants. Accordingly, no adjustment has been recorded in the books of accounts.

34 FINANCIAL RISK MANAGEMENT

34A Market risk:

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

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.

(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, 2020	USD	JPY	EURO	GBP	Others	Total
Trade payable	10.71	4.41	4.13	–	–	19.25
Advance from customer	1.44	–	1.30	2.84	–	5.58
Other payable	0.08	–	0.06	–	–	0.14
Borrowings:						–
Term loan#	2.83	–	116.96	–	–	119.79
Less: Investments	0.19	–	–	0.19	–	0.38
Less: Cash & bank	0.00	–	0.33	–	–	0.33
Less: Advance to supplier	3.65	1.15	8.96	–	–	13.76
Less: Trade receivable	54.77	–	13.15	–	–	67.92
Net payable	(43.56)	3.26	100.02	2.66	–	62.37
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	0.44	(0.03)	(1.00)	(0.03)	–	(0.62)
Sensitivity to decrease of 1%	(0.44)	0.03	1.00	0.03	–	0.62

Includes INR to EURO Swap amounting to EURO 6,946,973 outstanding as at 31 March 2020.

(₹ 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 payable	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	(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 31 March 2019.

Derivatives outstanding at the reporting date:

(₹ in Crores)			
	Currency sold	As at March 31, 2020	As at March 31, 2019
Forward Contract (sell) against exports	USD	64.66	48.85
Forward Contract (sell) against exports	Euro	5.09	0

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

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, 2020	As at March 31, 2019
Variable rate borrowing	213.33	253.06

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, 2020	Year ended March 31, 2019
Variable rate borrowings		
Interest rate increase by 0.5%	1.07	1.27
Interest rate decrease by 0.5%	(1.07)	(1.27)

34B Credit Risk :

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

(₹ in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	11.83	24.89
Other bank balances	4.75	2.34
Trade receivables	266.24	271.84
Loans	82.90	82.89
Other financial assets	37.85	13.17

Cash and cash equivalents and bank balances

Credit risk relating to cash and cash equivalents and restricted cash is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an on-going basis.

Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Group grants credit terms in the normal course of business. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 and March 31, 2019 is insignificant.

Loans and other financial assets measured at amortized cost

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

Given below is the ageing of trade receivables:

Trade Receivables

(₹ in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Outstanding for more than six months	10.98	10.38
Others	255.26	261.46
	266.24	271.84

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

34C Liquidity risk:

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

(₹ in Crores)

	Less than 1 year	1 - 3 years	More than 3 years	Total
As at March 31, 2020				
Borrowings (including short term and current maturities)	208.01	124.25	85.57	417.83
Interest accrued but not due on borrowings	1.82	–	–	1.82
Trade payable (including payable for capital goods)	281.08	–	–	281.08
Unclaimed dividends	1.39	–	–	1.39
Employee benefit payable	7.68	–	–	7.68
Security deposit	2.51	–	–	2.51
Derivative liability measured at fair value	9.77	–	–	9.77
Lease liability	1.02	2.10	8.17	11.29
Others	1.19	–	–	1.19
	514.46	126.35	93.74	734.55
As at March 31, 2019				
Borrowings (including short term and current maturities)	214.01	120.12	44.69	378.82
Interest accrued but not due on borrowings	2.28	–	–	2.28
Trade payable (including payable for capital goods)	218.33	–	–	218.33
Unclaimed Dividends	1.33	–	–	1.33
Employee Benefit Payable	14.04	–	–	14.04
Security Deposit	2.47	–	–	2.47
Others	1.67	–	–	1.67
	454.13	120.12	44.69	618.94

35 CONTINGENCIES

A Contingent liability

A1 Demand against the Group not acknowledged as liability

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Income tax	0.03	0.00*
Sales tax and Value added tax	0.61	0.61
Excise and service tax	6.81	10.13
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60
Others	–	0.31

* Amounts have been rounded off to zero

** 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 Holding company Rico Auto Industries Limited ('Company') with divisional bench of Honourable High Court of Punjab and Haryana. The Company has deposited ₹3.60 with DHBVN. The case is presently pending and next hearing is on July 17, 2020.

A2 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 ₹4.38 crores (March 31, 2019: ₹4.66 crores).

B Other matter

GAIL (India) Limited ("GAIL") had raised a demand against the Holding company Rico Auto Industries Limited ('Company') in relation to minimum gas consumption by the Company in accordance with the terms of Gas Sale Agreement executed between

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

GAIL and the Company. The Company had filed a case against GAIL with Competition Commission of India which was decided in favour of the Company, however GAIL continued to send demand notices to the Company (amounting to ₹34.58 crores, as at March 31, 2019) however Company refuted the claims filed by GAIL. During the year, Company has received waiver letters from GAIL in respect of such demand notices and accordingly the Company believes that there will be no outflow of resources in respect of claims filed by GAIL.

36 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Crores)

	As at March 31, 2020		As at March 31, 2019	
	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;	48.99	0.03	34.55	0.04
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	—	0.03	—	0.04
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.	—	—	—	—

37 COMMITMENTS

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹15.61 crores (March 31, 2019 ₹12.74 crores)]	39.66	70.29

38 EMPLOYEE BENEFITS

A. Defined contribution plans

(₹ in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
Employer's contribution to provident fund	8.35	7.08
Employer's contribution to ESI	0.41	0.24

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 Group 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, 2020 (Contd.)

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

	(₹ in Crores)	
	Year ended March 31, 2020	Year ended March 31, 2019
B1 Change in defined benefit obligation		
Present value of obligation as at beginning of the year	25.77	26.34
Current service cost*	2.27	1.97
Interest cost	1.98	1.96
Benefits paid	(5.37)	(4.06)
Actuarial loss/ (gain)	1.57	(0.69)
Acquisition adjustment	–	0.25
Present value of obligation as at end of the year	26.22	25.77
*Included in employee benefit expenses.		
B2 Change in fair value of plan assets		
Fair value of assets at the beginning of the year	8.96	8.88
Expected return on plan assets	0.74	1.64
Employers contributions	3.61	1.95
Benefits paid	(4.55)	(3.51)
Fair value of plan assets as at end of the year	8.76	8.96
B3 The amounts to be recognised in Consolidated balance sheet		
Present value of obligation as at the end of the period	26.22	25.77
Fair value of plan assets as at the end of the period	(8.76)	(8.96)
Net liability recognised in Balance Sheet	17.46	16.81
– Non current	16.95	16.18
– Current	0.51	0.63
B4 Expense recognised during the year		
In consolidated statement of profit and loss		
Current service cost	2.27	1.97
Interest cost (net of income)	1.28	1.31
Net cost	3.55	3.28
In consolidated other comprehensive income		
-- change in financial assumptions	(0.84)	(0.26)
-- experience variance (i.e. actual experience vs assumptions)	2.41	(0.43)
-- return on plan assets, excluding amount recognised in net interest expense	0.00	0.00
Net expense/ (gain)	1.57	(0.69)
B5 Actuarial assumptions:		
Discount rate	6.80%	7.70%
Rate of increase in compensation levels	0% for first year 5.50% thereafter	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, 2020 (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, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	(1.38)	1.44	2.48	(2.74)
Impact of change in salary (+/- 0.5%)	1.47	(1.40)	2.74	(2.48)
Impact of change in attrition rate (+/- 0.5%)	(0.70)	(0.90)	2.62	(2.60)

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, 2020	Year ended March 31, 2019
Discount rate	6.80%	7.80%
Salary growth rate	0% for first year 5.50% thereafter	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%

39 EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	(₹ in Crores)	
	Year ended March 31, 2020	Year ended March 31, 2019
Capital expenditure	4.05	7.33
Employee benefits expense	10.34	10.68
Revenue expenditure other than depreciation	3.01	3.48
Depreciation on research and development assets	1.29	1.36

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

40 RELATED PARTY DISCLOSURES

I Related parties

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

- i) ASN Manufacturing and Services Private Limited (formerly Kapsons Manufacturing and Services 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 (demised on December 30, 2019)
- iv) Smt Upasna Kapur – Non Executive Director
- v) Shri Amarjit Chopra – Independent Director
- vi) Shri Satish Sekhri – Independent Director
- vii) Shri Ashok Seth – Independent Director
- viii) Shri Kanwal Monga – 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, 2020	Year ended March 31, 2019
A	Entity in which directors are interested		
	1 Rico Castings Limited		
	Purchase of goods	17.59	29.76
	Sale of goods	11.63	18.33
	Sale of Assets	–	0.24
	Job work expenses	0.74	0.82
	Job work income	0.04	–
	Reimbursement of expense	9.07	11.90
	Rent Paid	1.88	1.87
	Interest Received	4.41	2.85
	2 Kapbros Engineering Industries Limited		
	Sales of goods	37.36	4.73
	Purchase of goods	67.57	–
	Job work expense	0.43	0.00
	Recovery of expenses	4.46	3.22
	Rent received	0.97	0.97
	Sale of assets	7.05	–
	Purchase of assets	3.89	2.62
	3 ASN Manufacturing and Services Private Limited (Formerly Kapsons Manufacturing and Services Private Limited)		
	Sale of goods	0.92	–
	Purchase of goods	1.07	–
	Rent expense	1.15	1.53
	Job work expense	0.17	0.33
	Rental Income	0.11	0.04
	Interest Income	2.97	2.91
	Reimbursement of expense	0.01	0.03

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

		(₹ in Crores)	
		Year ended March 31, 2020	Year ended March 31, 2019
4	Magpie Manufacturing and Tech Private Limited (Formerly Magpie Finvest Advisors Private Limited)		
	Purchase of goods	10.37	0.13
5	T.K. Precision Private Limited		
	Purchase of goods	6.24	4.98
	Recovery of expenses	0.07	0.00
6	ASN Properties Private Limited		
	Rent Income*	0.00	-
7	Ishwara Manufacturing and Finvest Advisors Private Limited		
	Rent expense	0.06	0.08
8	Key management personnel compensation**		
	Shri Arvind Kapur	4.56	3.73
	Shri Arun Kapur	0.65	0.65
	Shri Rakesh Kumar Sharma	0.71	0.65
	Shri B.M. Jhamb	0.42	0.43
	Sitting fees and commission	0.60	0.38

* Amounts have been rounded off to zero

** As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Group as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in KMP compensation. Gratuity and compensated absence are included in the year of payment.

Note: The above transactions are in the ordinary course of business.

III Balances with related parties:

		(₹ in Crores)	
		As at March 31, 2020	As at March 31, 2019
B	Entity in which directors are interested		
1	Rico Castings Limited		
	Balance recoverable, net	2.99	0.18
	Recoverable against advance for electricity and gas on actual	6.78	3.84
	Loan receivable	42.10	43.00
	Interest receivable	2.81	0.84
	Security deposit	4.90	4.90
2	Kapbros Engineering Industries Limited		
	Balance payable, net	0.34	4.89
	Balance recoverable, net	20.16	1.17
3	ASN Manufacturing and Services Private Limited (Formerly Kapsons Manufacturing and Services Private Limited)		
	Balance recoverable, net	0.35	-
	Balance payable, net	-	0.33
	Security Deposit	0.26	0.26
	Loan receivable	28.47	27.72
	Interest receivable	2.97	0.73
4	Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)		
	Balance payable, net	1.20	1.13
5	Haridwar Estates Private Limited		
	Advance recoverable	0.09	0.09
6	T.K. Precision Private Limited		
	Balance payable, net	1.79	1.14
7	Ishwara Manufacturing and Finvest Advisors Private Limited		
	Balance payable	0.00*	0.02
8	ASN Properties Private Limited		
	Balance recoverable, net	0.00*	-
	Loan receivable	2.80	-

*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, 2020 (Contd.)

41 SEGMENT REPORTING

The Group is engaged in the manufacturing and sale of auto components for two wheelers and four wheelers. Considering the nature of the Group's business and operations, and the information reviewed by the Chief Operating Decision Maker (CODM) to allocate resources and assess performance, the Group has one reportable business segment as per the requirements of Ind AS 108 – 'Operating Segments'.

Information about geographical area is given below:

	(₹ in Crores)				
	India	UK (including Europe)	US	Other countries	Total
Year ended March 31, 2020					
Revenue from external customers (gross)	1,085.55	154.75	143.34	17.43	1,401.07
Non-current assets*	771.56	0.00	0.00	0.00	771.56
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

*Amounts have been rounded off to zero.

- 42 In accordance with Accounting Standard 11 (under previous GAAP) "The effects of Changes in Foreign Exchange Rates", the Group had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. The Group has elected to continue with the accounting treatment as per option given in para D13AA of Ind AS 101. Amount remaining to be amortised is as under:

	(₹ in Crores)	
	As at March 31, 2020	As at March 31, 2019
Un-amortised exchange differences-		
- Property, plant and equipment	4.97	2.93
- FCMITDA	0.39	0.35

- 43 As per the transfer pricing norms applicable in India, the Group is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Group is in the process of updating the transfer pricing study for the current financial period. However, in the opinion of the management the same would not have a material impact on these financial statements.

44 REVENUE

Following are the disclosures with respect to revenue from operations in accordance with Ind AS 115 –

The Group's revenue disaggregated by geographical markets is as follows:

	(₹ in Crores)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
India	1,085.55	1,130.94
Rest of the world	315.52	261.71
Total	1401.07	1,392.65

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	(₹ in Crores)	
Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables*	266.24	271.84
Contract balances		
- Contract asset**	10.34	–
- Unbilled revenue	0.67	0.49
- Advances from customers	22.52	34.26
- Deferred revenue	1.33	1.10

* Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

** Contract asset relate to assets recognised from costs incurred to fulfill the contracts with customers. Such costs include direct material costs along with other inspection costs directly related to the contracts. The costs incurred will generate new orders for the Group and the Group expects significant revenues from those orders. Accordingly, costs incurred are expected to be recovered in the future years. The contract asset shall be amortised from next year onwards over a period of 5 years on the basis in which revenue will be earned from the sale of the components.

Significant changes in contract balances during the year are as follows:

Particulars	As at March 31, 2020			
	Contract asset	Unbilled revenue	Advances from customers	Deferred revenue
Opening balances	–	0.49	34.26	1.10
Addition during the year	10.34	0.67	20.55	0.23
Revenue recognised/ amount adjusted/amortised during the year	–	(0.49)	(32.29)	–
Closing balance	10.34	0.67	22.52	1.33

(₹ in Crores)

45 LEASES

i. Nature of Leasing activities

During the year, the Group has entered into lease arrangements for land, office and factory buildings that are renewable on a periodic basis with approval of both lessor and lessee. The Group does not have any lease commitments towards variable rent as per the contract.

ii. Lease liabilities are presented in the Balance Sheet as follows:

Particulars	As at March 31, 2020
Non-current portion	10.27
Current portion	1.01
Total lease liability	11.28

(₹ in Crores)

iii. Lease payments not recognised as liability:

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	As at March 31, 2020
Short term leases	6.14
Total	6.14

(₹ in Crores)

iv. Information on the right-of-use assets is as follows:

Particulars	Carrying amount (Net block)	Depreciation Expense
As on March 31, 2020		
Land*	18.75	0.33
Building**	11.02	0.54
Total	29.77	0.87

(₹ in Crores)

* Right of use asset amounting to ₹19.66 Crores as at March 31, 2020. Carrying amount of net block and accumulated depreciation as on March 31, 2019 amounting to ₹19.08 crores and ₹0.58 crores respectively.

** Right of use asset recognised during the year amounting to ₹11.56 Crores.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

v. Total cash outflow pertaining to leases during the year ended March 31, 2020 is ₹1.55 crores. Interest expense on lease liability is ₹0.46 crores for the year.

Since there were no lease commitments as at March 31, 2019, hence disclosure related to reconciliation of total lease commitments as at March 31, 2019 to the lease liabilities recognised at April 01, 2019 is not applicable.

46 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013:

(₹ in Crores)

	Net assets		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % Consolidated net assets	Amount	As % Consolidated net profit	Amount	As % Consolidated other comprehensive income	Amount	As % Consolidated total comprehensive income	Amount
Parent								
Rico Auto Industries Limited	93.85%	585.52	99.4%	16.58	129.43%	(5.64)	88.78%	10.94
Indian subsidiaries								
1. AAN Engineering Industries Limited	(0.75%)	(4.70)	(11.69%)	(1.95)	0.0%	-	(15.85%)	(1.95)
2. Rico Investments Limited*	20.12%	125.49	25.42%	4.24	0.0%	-	34.38%	4.24
3. Rico Jinfei Wheels Limited	0.48%	3.01	3.66%	0.61	1.15%	(0.05)	4.55%	0.56
4. Rasa Autocom Limited	4.23%	26.40	39.38%	6.57	2.98%	(0.13)	52.26%	6.44
5. Rico Aluminum and Ferrous Auto Components Limited	5.98%	37.33	(55.03%)	(9.18)	(3.67%)	0.16	(73.21%)	(9.02)
6. Rico Fluidtronics Limited	0.09%	0.59	43.05%	7.18	(2.75%)	0.12	59.26%	7.30
Foreign subsidiaries								
1. Rico Auto Industries Inc., USA	4.54%	28.30	7.37%	1.23	(19.74%)	0.86	16.95%	2.09
2. Rico Auto Industries (UK) Limited, UK	1.1%	6.86	(2.04%)	(0.34)	(7.4%)	0.32	(0.16%)	(0.02)
Minority Interest								
1. Rico Investments Limited (including its subsidiaries)	0.46%	2.88	0.41%	0.08	0.0%	-	0.65%	0.08
Add/(Less): Effect of Intercompany adjustments/eliminations	(30.11%)	(187.82)	(49.93%)	(8.33)	0.0%	-	(67.62%)	(8.33)
Total	100.00%	623.86	100.00%	16.68	100.00%	(4.36)	100.00%	12.32

47 SUBSIDIARIES CONSIDERED FOR CONSOLIDATION

The Group's subsidiaries as at March 31, 2020 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, 2020	March 31, 2019
AAN Engineering Industries Limited	India	100%	100%
Rico Auto Industries Inc., USA	USA	100%	100%
Rico Auto Industries (UK) Limited, UK	UK	100%	100%
B Entities having non-controlling interest:			
Rico Investment Limited*	India	96.88%	96.88%
Rico Fluidtronics Limited	India	98.44%	98.44%

* Rico Investment Limited has further three subsidiary companies namely, Rasa Autocom Limited, Rico Jinfei Wheels Limited and Rico Aluminum and Ferrous Auto Components Limited.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

48 The spread of Covid 19 has affected the business operations post the national lock down. The Group has taken various measures in consonance with Central and State Government advisories to contain the pandemic, which included closing of manufacturing facilities. Post lifting of the lock down, the Group has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Group has also performed sensitivity analysis on the assumptions used and does not foresee any significant incremental risk to the recoverability of its assets. In pursuant to the relaxed guidelines, the Group has now resumed its operations at all its plants. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of these financial results. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Group and take necessary measures to address the situation.

49 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

During the previous years, there was amendment to Ind AS 7 Statement of cash flows, which require the entities to provide disclosures that enable users of 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 statements; accordingly, the reconciliation is not disclosed.

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

51 The financial statements for the year ended March 31, 2020 were authorised and approved for issue by the board of directors on June 17, 2020.

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

Arun Tandon
Partner
Membership No.: 517273

Rakesh Kumar Sharma
Chief Financial Officer

Place : New Delhi
Date : June 17, 2020

B.M Jhamb
Company Secretary

Amarjit Chopra
Director
DIN : 00043355

Arvind Kapur
Chairman, CEO &
Managing Director
DIN : 00096308

CONCEPT TO COMPLETION





RICO

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