



## RICO AUTO INDUSTRIES LIMITED

### FINANCIALS OF SUBSIDIARY COMPANIES FOR THE FY 2016-17

Sl. No.	Name & Address of the Company	Holding/Subsidiary
1.	Rico Investments Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	Subsidiary
2.	AAN Engineering Industries Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	Subsidiary
3.	Uttarakhand Automotives Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	Subsidiary
4.	Rico Auto Industries Inc., USA 6338, Sashabaw Road, Clarkston, Michigan 48346 USA	Subsidiary
5.	Rico Auto Industries (UK) Ltd. Unit 1, Lewis House, 99 Victoria Road, London - NW106DJ, UK	Subsidiary
6.	Rasa Autocom Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	Step-down Subsidiary
7.	Rico Aluminium and Ferrous Auto Components Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	Step-down Subsidiary
8.	Rico Jinfei Wheels Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	Step-down Subsidiary

# **RICO INVESTMENTS LIMITED**

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## **Board of Directors**

Shri Amarjit Chopra - Chairman  
Shri Om Prakash Aggarwal - Managing Director  
Shri Arvind Kapur  
Shri Naresh Kumar Sethi  
Shri Arun Gupta  
Ms. Sandeep Kaur Riat  
Shri Gurparkash Singh Miglani  
Shri Surendra Singh

## **Chief Financial Officer**

Shri Parveen Kumar Garg

## **Company Secretary**

Shri Jagdish Chand Dwivedi

## **Auditors**

Budhraj Adlakha & Co.  
Chartered Accountants  
(Firm Registration No.005154N)  
New Delhi (India)

## **Registered Office**

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



**INDEPENDENT AUDITOR'S REPORT**

**THE MEMBERS OF  
RICO INVESTMENTS LIMITED**

**Report on the Financial statements**

We have audited the accompanying Financial statements of RICO INVESTMENTS LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial statements and for Internal Financial Controls over Financial Reporting**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.



**Audit Report F.Y. 2016-17 Rico Investments Limited**

## Auditor's Responsibility

Our responsibility is to express an opinion on these Financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. 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 the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of



Financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. 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 authorizations of management and directors of the company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) in the case of the Statement of Profit and Loss , of the **profit** for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:


- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and cash flow statement dealt with by this Report are in agreement with the books of account ;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.; and
- e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
- f. In our opinion considering nature of business, size of operation and organizational structure of the entity, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.; 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations as on the date of the financial statements.
  - ii. The Company does not have any material foreseeable losses on long-term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8<sup>th</sup> November,2016 to 30<sup>th</sup> December, 2016(Refer Note 29)



2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



  
Nalin Kumar Budhraj  
(Partner)  
Memb. No.: 084310

Place: Gurgaon  
Date: 25<sup>th</sup> May, 2017

Annexure –A to the Auditor’s Report

Annexure referred to in paragraph 2 under the heading “Report on other legal and regulatory requirements” of our report of even date.

RE: RICO INVESTMENTS LIMITED

- i)
  - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
  - (c) As explained to us and on the basis of our examination of the records of the Company, the company does not have any immovable property. Accordingly, Paragraph 3(i)(c) order is not applicable.
- ii) The company is not having any inventory, hence paragraph 3(ii) of the order is not applicable.
- iii) The Company has granted loans to two companies covered in the register maintained under section 189 of the Companies Act, 2013.
  - a) In our opinion, the terms and conditions on which the loans have been granted are not prejudicial to the interest of the Company
  - b) The schedule of repayment of principal and payment of interest has been stipulated, however repayment of loan has not fallen due.
  - c) There are no overdue amounts in respect of the above loans.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) The company has not accepted any deposits.
- vi) As explained to us, maintenance of Cost Records has not been specified by Central Government.





- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax and Service Tax.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of the above Statutory dues which were outstanding, as at March 31, 2017 for a period of more than six months, from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of Income tax and Service Tax, which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us and the records examined by us, the Company has not borrowed money from any Financial Institution, Bank or Government. It has also not defaulted in repayment of dues to Debenture holders.

ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and nor has raised any Term Loans during the year under report.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) The Company has not paid any managerial remuneration during the period.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in notes to accounts in the financial statements as required by the applicable accounting standards.


xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.



- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For BUDHRAJA ADLAKHA & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



  
Nalin Kumar Budhraj  
(Partner)  
Memb. No.: 084310

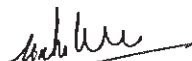
Place: Gurgaon  
Date: 25<sup>th</sup> May, 2017

RICO INVESTMENTS LIMITED  
Balance Sheet as at 31st March 2017

	Note No.	31st March 2017 (Rs.)	31st March 2016 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	937,000,000	937,000,000
(b) Reserve & Surplus	4	25,254,832	13,721,406
		<u>962,254,832</u>	<u>950,721,406</u>
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	5	250,000,000	250,000,000
(b) Other Long-Term Liabilities	6	172,566	51,155
(c) Long-Term Provisions	7	159,555	95,297
		<u>250,332,121</u>	<u>250,146,452</u>
<b>(3) CURRENT LIABILITIES</b>			
(a) Trade Payables	8	906,678	60,946
(b) Other Current Liabilities	9	1,422,652	7,011,929
(c) Short-Term Provisions	7	5,814,312	11,178,479
		<u>8,143,642</u>	<u>18,251,354</u>
<b>Total</b>		<u><u>1,220,730,595</u></u>	<u><u>1,219,119,212</u></u>
<b>ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	950,733	423,211
(b) Non-Current Investments	11	735,030,000	735,030,000
(c) Deferred Tax Assets (net)	12	83,285	59,961
(d) Long-Term Loans & Advances	13	464,000,000	463,000,000
		<u>1,200,064,018</u>	<u>1,198,513,172</u>
<b>(2) CURRENT ASSETS</b>			
(a) Cash and Cash Equivalents	14	3,490,134	2,912,510
(b) Other Current Assets	15	17,176,443	17,693,530
		<u>20,666,577</u>	<u>20,606,040</u>
<b>Total</b>		<u><u>1,220,730,595</u></u>	<u><u>1,219,119,212</u></u>

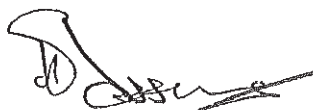
Summary Of Significant Accounting Policies 2.1  
See Accompanying Notes Forming Part Of The Financial Statements 1-30

As Per Our Report Of Even Date  
For Budhraj Adlakha & Co.  
Chartered Accountants  
Firm Reg. No. 005154N

  
Nalin Kumar Budhraj  
(Partner)  
Membership No. 084310




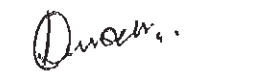
For And On Behalf Of The Board Of Directors Of  
Rico Investments Ltd

  
Om Prakash Aggarwal  
Managing Director  
Din: 01537211

  
Arvind Kapur  
Director  
Din: 00096308

Place : Gurugram  
Dated : 25th May 2017

  
Parveen Garg  
C.F.O.

  
Jagdish Chand Dwivedi  
Company Secretary

## RICO INVESTMENTS LIMITED

## Statement Of Profit And Loss For Year Ended On 31st March, 2017

	Note No.	For The Year Ended 31st March 2017 (Rs.)	For The Period Ended 31st March 2016 (Rs.)
<b>INCOME</b>			
Revenue From Operations	16	48,646,070	59,081,654
<b>TOTAL REVENUE</b>	<b>"A"</b>	<b>48,646,070</b>	<b>59,081,654</b>
<b>EXPENSES</b>			
Employee Benefit Expenses	17	3,355,492	3,410,313
Finance Cost	18	26,217,847	21,202,355
Other expenses	19	1,615,002	9,508,628
Depreciation	10	135,038	125,863
<b>TOTAL EXPENSES</b>	<b>"B"</b>	<b>31,323,379</b>	<b>34,247,159</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax (A - B)</b>		<b>17,322,691</b>	<b>24,834,495</b>
Less: Exceptional items		-	-
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>17,322,691</b>	<b>24,834,495</b>
Less: Extraordinary items		-	-
<b>Profit / (Loss) before tax</b>		<b>17,322,691</b>	<b>24,834,495</b>
Less: Tax expense / (Income) :-			
(a) Current Tax		5,812,590	11,173,050
Less : MAT Credit Entitlement		-	-
Net Current Tax		-	-
(b) Deffered Tax		-23,324	-59,961
<b>Profit/(Loss) for the Year / period</b>		<b>11,533,425</b>	<b>13,721,406</b>

Earnings per equity share [nominal value of share Rs. 10

20

Earnings per share:-

(a) Basic

0.23

0.28

(b) Diluted

0.23

0.24

Summary Of Significant Accounting Policies

2.1

The accompanying notes are an integral part of the Financial Statements.

1-30

As Per Our Report Of Even Date

For Budhraj Adlakha &amp; Co.

Chartered Accountants

Firm Reg. No. 005154N

Nalin Kumar Budhraj

(Partner)

Membership No. 084310



For And On Behalf Of The Board Of Directors Of

Rico Investments Ltd

Om Prakash Aggarwal

Managing Director

Din: 01537211

Arvind Kapur

Director

Din: 00096308

Place : Gurugram

Dated : 25th May 2017

Parveen Garg

C.F.O.

Jagdish Chand Dwivedi

Company Secretary

Particulars	For the year ended 31st March, 2017 Amount In Rs.		For the period ended 31st March, 2016 Amount In Rs.	
<b>A. Cash Flow From Operating Activities</b>				
Net Profit / (Loss) Before Tax and Extra-Ordinary Items		17,322,691		24,834,495
Adjustments for:				
Depreciation and Amortisation Expenses	135,038		125,863	
Loss / (Profit) on Sale of Investments (Non Current)	-	135,038	-	125,863
Operating Profit Before Working Capital Changes		17,457,729		24,960,358
Adjustments for:				
Increase / (Decrease) in Long Term Provisions	64,258		95,297	
Increase / (Decrease) in Other Long Term Liabilities	121,412		51,155	
Increase / (Decrease) in Short Term Provisions	-11,176,757		5,429	
Increase / (Decrease) In Other Current Liabilities	-5,589,277		7,011,929	
Increase / (Decrease) in Trade Payables	845,732		60,946	
(Increase) / Decrease in Long Term Loans & Advances	-1,000,000		-463,000,000	
(Increase) / Decrease in Other Current Assets	517,087	-16,217,545	-17,693,530	-473,468,774
Cash Generated From operations		1,240,184		-448,508,416
Income Tax Paid / Refunded		-		-
Cash Flow Before Extraordinary Items		1,240,184		-448,508,416
Extraordinary Items		-		-
Net Cash From Operating Activities (A)		1,240,184		-448,508,416
<b>B. Cash Flow From Investing Activities</b>				
Acquisition of Subsidiaries	-		-15,030,000	
Investments in Subsidiaries	-		-720,000,000	
Fixed Assets Acquired	-662,560		-549,074	
Net Cash used in Investing Activities (B)	-662,560	-662,560	-735,579,074	-735,579,074
<b>C. Cash Flow From Financing Activities</b>				
Issue Of Equity Capital	-		497,000,000	
Issue Of Preference Capital	-		440,000,000	
Long Term Borrowings	-		250,000,000	
Net Cash from Financing Activities (C)	-	-	1,187,000,000	1,187,000,000
Net Increase in Cash and Cash Equivalents(A+B+C)		577,624		2,912,510
Cash and Cash Equivalents (Opening Balance)		2,912,510		-
Cash and Cash Equivalents (Closing Balance)		3,490,134		2,912,510
<b>Components of cash and cash equivalents</b>				
Cash on Hand		3,305		4,055
With banks-				
On Current Accounts		3,486,829		2,908,455
Total cash and cash equivalents (Note 14)		3,490,134		2,912,510

## Summary Of Significant Accounting Policies

2.1

The accompanying notes are an integral part of the Financial Statements.

1-30

As Per Our Report Of Even Date

For Budhraj Adlakha &amp; Co.

Chartered Accountants

Firm Reg. No. 005154N

Nalin Kumar Budhraj

(Partner)

Membership No. 084310

For And On Behalf Of The Board Of Directors Of  
Rico Investments LtdOm Prakash Aggarwal  
Managing Director

Din: 01537211

Arvind Kapur  
Director

Din: 00096308

Place : Gurugram

Dated : 25th May 2017

Parveen Garg  
C.F.O.Jagdish Chand Dwivedi  
Company Secretary

# RICO INVESTMENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### Note - 1: Corporate Information

RICO INVESTMENTS LIMITED was incorporated on 7th January, 2015. The main object of the Company is to make strategic investments in the Group Companies of RICO Auto Industries Limited and grant loans to such Companies. The Company is a Core Investment Company – Non-Banking Financial Company (CIC-NBFC) as per guidelines issued by The Reserve Bank of India and the investment pattern of the Company also complies with the requirement to continue to qualify as a CIC-NBFC.

### Note - 2: Basis of preparation

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out.

### Note - 2.1: Summary of significant accounting policies

#### a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### b. Revenue recognition

##### (A) Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### (B) Dividend

Dividend income is accounted for on cash basis, as compared to accrual basis when a right to receive payment is established.

#### c. Tangible fixed assets

Tangible Assets are stated at historical cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

#### d. Depreciation on tangible fixed assets

The company is charging the depreciation on written down value based on useful lives of assets, as prescribed by Schedule II of the Companies Act 2013. The useful life of assets is given as under:

Fixed Asset	Useful Life of the Tangible Asset
Vehicles	8 Years

#### e. Impairment of Assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is



# RICO INVESTMENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

recognized in the Statement of profit & Loss to the extent the amount exceeds the recoverable amount.

### f. Investments

Investments are classified as trade when investment is made in the shares or debentures of another Company for the purpose of promoting the trade or business of the Company. Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment is made are classified as current investments. All other investments are classified as long-term investments.

- i. Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- ii. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.
- iii. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### g. Accounting for taxes on income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the Impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Minimum Alternate Tax (MAT) -MAT credit is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. The Company reviews the said MAT Credit entitlement at each reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

### h. Retirement and Other Employee benefits

#### I. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, Bonus and performance incentives.

#### II. Post employment benefit plans

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit Schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gain and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested.



# RICO INVESTMENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

### i. Earnings per share

#### Basic earnings per share

For the purpose of calculating basic earnings per share, the net profit or loss for the period attributable to equity shareholders after deducting any attributable tax thereto for the period is divided by weighted number of equity shares outstanding during the period.

#### Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### j. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

### k. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### l. Cash Flow

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.





**RICO INVESTMENTS LIMITED**  
Notes To Financial Statements For Year Ended On 31st March 2017

**NOTE - 3**

**SHARE CAPITAL**

	31st March 2017 Amount (Rs.)	31st March 2016 Amount (Rs.)
<b>AUTHORISED</b>		
5,00,00,000 Equity shares of Rs 10/- Each	500,000,000	500,000,000
4,50,00,000 Preference Shares of Rs 10/- each	<u>450,000,000</u>	<u>450,000,000</u>
<b>Issued, Subscribed &amp; Paid Up</b>		
4,97,00,000 Equity Shares of Rs.10/- each fully Paid up.	497,000,000	497,000,000
4,40,00,000 12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares (CCNPS) of Rs.10/- each fully paid up.	440,000,000	440,000,000
<b>Total issued, subscribed and paid up share capital</b>	<u>937,000,000</u>	<u>937,000,000</u>

**A. Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

	31st March 2017		31st March 2016	
	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>				
At beginning of the period	49,700,000	497,000,000	-	-
Issued during the period	-	-	49,700,000	497,000,000
<b>Outstanding at the end of the period</b>	<u>49,700,000</u>	<u>497,000,000</u>	<u>49,700,000</u>	<u>497,000,000</u>

	31st March 2017		31st March 2016	
	Nos.	Amount	Nos.	Amount
<b>Preference Shares</b>				
At the beginning of the period	44,000,000	440,000,000	-	-
Issued during the period	-	-	44,000,000	440,000,000
<b>Outstanding at the end of the period</b>	<u>44,000,000</u>	<u>440,000,000</u>	<u>44,000,000</u>	<u>440,000,000</u>

**B. Terms/rights attached to Equity shares**

The Company has only one class of equity shares, having par value of Rs.10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders.

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

**C. Terms/Rights attached to Preference Shares**

The CCNPS shareholders do not have any rights except in the matters directly affecting them. The CCNPS are compulsarily convertible within a period of five years from the date of allotment, at the option of the Board, at par.

**D. Shares in the Company held by the Holding Company**

	31st March 2017		31st March 2016	
	Nos.	Amount	Nos.	Amount
<b>Rico Auto Industries Limited, Holding Company</b>				
Equity shares of Rs 10/- each fully paid up	46,000,000	460,000,000	46,000,000	460,000,000
12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares of Rs.10/- each fully paid up.	44,000,000	440,000,000	44,000,000	440,000,000



**RICO INVESTMENTS LIMITED**
**Notes To Financial Statements For Year Ended On 31st March 2017**
**E. Details of shareholders holding more than 5% shares in the company**

	31st March 2017		31st March 2016	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity Shares of Rs 10 each fully paid up Rico Auto Industries Limited, (Holding Co.)	46,000,000	92.56%	46,000,000	92.56%
12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares of Rs.10/- each fully paid up.				
Rico Auto Industries Limited, (Holding Co.)	44,000,000	100.00%	44,000,000	100.00%

**NOTE - 4  
RESERVES & SURPLUS**

	31st March 2017 Amount (Rs.)	31st March 2016 Amount (Rs.)
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	9,509,256	-
Profit / (Loss) for the period/year	11,533,425	13,721,406
Less : Appropriations :		
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	-2,306,685	-4,212,150
Closing balance (A)	<u>18,735,997</u>	<u>9,509,256</u>
Reserve Fund :		
In terms of Section 45-IC of the Reserve Bank of India Act, 1934		
Opening Balance	4,212,150	-
Add : Transfer from Surplus	2,306,685	4,212,150
Closing balance (B)	<u>6,518,835</u>	<u>4,212,150</u>
Total (A + B)	<u>25,254,832</u>	<u>13,721,406</u>

**NOTE - 5  
LONG TERM BORROWINGS**

	31st March 2017		31st March 2016	
	Nos.	Amount Rs.	Nos.	Amount Rs.
Compulsory Convertible Debentures (CCD)	25,000,000	250,000,000	25,000,000	250,000,000
10.25% Compulsorily Convertible Debentures of Rs.10/- each fully paid up.				
	<u>25,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>250,000,000</u>

The CCDs are compulsorily convertible within a period of five years from the date of allotment at par.

**NOTE - 6  
OTHER LONG TERM LIABILITIES**

	31st March 2017 Amount (Rs.)	31st March 2016 Amount (Rs.)
Security Deposits Staff Car Scheme	172,566	51,155
	<u>172,566</u>	<u>51,155</u>



**RICO INVESTMENTS LIMITED**

Notes To Financial Statements For Year Ended On 31st March 2017

**NOTE - 7**

**PROVISIONS**

	31st March 2017		31st March 2016	
	Amount(Rs)		Amount(Rs)	
	Long Term	Short term	Long Term	Short term
Provision for Income Tax	-	5,809,249	-	11,173,050
Provision for Employee Benefits				
Provision for Grauity	68,746	277	36,773	196
Provision for Leave Encashment	90,809	4,786	58,524	5,233
	<b>159,555</b>	<b>5,814,312</b>	<b>95,297</b>	<b>11,178,479</b>

**NOTE - 8**

**TRADE PAYABLE**

Trade Payable  
Due to related parties (Refer Note No. 22 )

	31st March 2017	31st March 2016
	Amount (Rs.)	Amount (Rs.)
	784,674	10,650
	122,004	50,296
	<b>906,678</b>	<b>60,946</b>

**NOTE - 9**

**OTHER CURRENT LIABILITIES**

Provision fund payable  
Trade payable  
Salary Payable  
Audit Fees Payable  
Others payable  
Interest Payable

	31st March 2017	31st March 2016
	Amount (Rs.)	Amount (Rs.)
	29,313	29,563
	732,812	673,220
	263,903	327,762
	236,250	202,500
	73,731	29,055
	86,644	5,749,829
	<b>1,422,652</b>	<b>7,011,929</b>



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RICO INVESTMENTS LIMITED  
 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTE - 10

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK			
	OPENING AS ON 01.04.16	ADDITIONS	SALE/ADJ. DURING THE YEAR	TOTAL AS ON 31.03.17	TOTAL AS ON 01.04.16	FOR THE PERIOD	SALE/ADJUSTMENT	TOTAL AS ON 31.03.17	AS ON 31.03.17	AS ON 31.03.16
TANGIBLE ASSETS:										
Vehicles	549,074	662,560	-	1,211,634	125,863	135,038	-	260,901	950,733	423,211
TOTAL	549,074	662,560	-	1,211,634	125,863	135,038	-	260,901	950,733	423,211
TOTAL PREVIOUS YEAR	-	549,074	-	549,074	-	125,863	-	125,863	423,211	-



**RICO INVESTMENTS LIMITED**
**Notes To Financial Statements For Year Ended On 31st March 2017**

<u>NOTE - 11</u>	<u>31st March 2017</u>	<u>31st March 2016</u>
<u>NON CURRENT INVESTMENTS</u>	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
Trade Investment (At Cost unless stated otherwise)		
Unquoted Equity Instruments		
Investments in Subsidiaries		
4,10,00,000 Equity shares of Rs 10/ each,fully paid up,of Rasa Autocom Ltd (Previous Year 2,50,00,000 Equity shares of Rs 10/ each,fully paid up)	214,600,000	214,600,000
4,60,50,000 Equity shares of Rs 10/- each fully paid up of Rico Aluminium and Ferrous Auto Components Ltd. (Previous Year 4,60,50,000 Equity shares of Rs 10/ each,fully paid up)	460,030,000	460,030,000
3,55,25,000 Equity shares of Rs 10/- each fully paid up of Rico Jinfei Wheels Ltd (Previous Year 3,55,25,000 Equity shares of Rs 10/ each,fully paid up)	60,400,000	60,400,000
	<u>735,030,000</u>	<u>735,030,000</u>
<u>NOTE - 12</u>	<u>31st March 2017</u>	<u>31st March 2016</u>
<u>DEFERRED TAX</u>	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
Debitation	18,806	14,383
Provision for Grauity	22,060	12,223
Provision for Leave Encashment	30,553	21,080
Preliminary Expenses	11,866	12,275
	<u>83,285</u>	<u>59,961</u>
<u>NOTE - 13</u>	<u>31st March 2017</u>	<u>31st March 2016</u>
<u>LONG TERM LOANS &amp; ADVANCES</u>	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
Unsecured, considered good		
Loans and advances to related parties(Refer Note No.22 )	464,000,000	463,000,000
	<u>464,000,000</u>	<u>463,000,000</u>
<u>NOTE - 14</u>	<u>31st March 2017</u>	<u>31st March 2016</u>
<u>CASH &amp; CASH EQUIVALENTS</u>	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
Cash on hand	3,305	4,055
Cheque in Hand	55,155	-
Balances on Current Accounts with Scheduled Banks	3,431,674	2,908,455
	<u>3,490,134</u>	<u>2,912,510</u>
<u>NOTE - 15</u>	<u>31st March 2017</u>	<u>31st March 2016</u>
<u>OTHER CURRENT ASSETS</u>	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
Prepaid Expenses	-	958
Interest Accrued But Not Due	1,850,636	1,856,005
Interest Accrued And Due	8,961,200	9,982,205
Tax Deducted At Source	6,364,607	5,854,362
	<u>17,176,443</u>	<u>17,693,530</u>



**RICO INVESTMENTS LIMITED**
**Notes To Financial Statements For Year Ended On 31st March 2017**

<b>NOTE - 16</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>REVENUE FROM OPERATIONS</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
Interest income	48,646,070	59,081,654
	<u>48,646,070</u>	<u>59,081,654</u>
<b>NOTE - 17</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>EMPLOYEE BENEFIT EXPENSE</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
Salary	3,043,888	3,156,478
Contribution to Provident Fund	139,968	145,329
Labour & Staff Welfare	14,058	7,780
Gratuity	75,212	39,497
Leave Encashment	82,366	61,229
	<u>3,355,492</u>	<u>3,410,313</u>
<b>NOTE - 18</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>FINANCE COSTS</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
Interest paid on CCD	25,625,000	21,202,055
Interest Others	592,847	300
	<u>26,217,847</u>	<u>21,202,355</u>
<b>NOTE - 19</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>OTHER EXPENSES</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
Rent	71,708	50,296
Bank Charges	-	635
Legal and Professional	685,658	124,000
Fees & Taxes	57,140	8,917,670
Preliminary Expenses	-	61,872
Printing & Stationary	5,916	14,186
Directors' Sitting Fees	370,000	-
Interest on Statutory Dues	-	1,615
Conveyance & Travelling	24,163	15,490
Other Expenses	63,350	7,976
Previous Year Expenses	78,317	-
Payments to the auditors		
As auditor :		
Audit Fee	201,250	264,888
Tax Audit Fee	40,250	35,000
T. & A. Matters	17,250	15,000
	<u>258,750</u>	<u>314,888</u>
	<u>1,615,002</u>	<u>9,508,628</u>



## Note - 20: Earning per share (EPS)

Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:-

		<u>31st March, 2017</u>	<u>31st March, 2016</u>
<b>Basic Earning Per share (Rs.)</b>			
Net Profit as per Statement of Profit & Loss (Rs.)	(A)	11,533,427	13,721,406
Weighted Average Number of Equity Shares outstanding	(B)	49,700,000	49,700,000
Basic Earning Per share (Rs.)	(A/B)	0.23	0.28
<b>Diluted Earing Per Share (Rs.)</b>			
Net Profit as per Statement of Profit & Loss (Rs.)		11,533,427	13,721,406
Add: Interest payable to debenture holders (Net of Tax)		17,153,375	14,192,220
Profit for equity shareholders after taking impact of dilutor (C)		28,686,802	27,913,626
Weighted Average Number of Equity Shares outstanding		49,700,000	49,700,000
Add: Weighter average number of Convertible securities			
- Convertible Preference Shares		44,000,000	44,000,000
- Convertible Debentures		25,000,000	25,000,000
Number of shares - Diluted (Nos.)	(D)	118,700,000	118,700,000
Diluted Earning Per share (Rs.)	(C/D)	0.24	0.24
		*Anti-Dilutive hence can not exceeds basic EPS	
Diluted Earning Per share (Rs.)		0.23	0.24

## Note - 21: Retirement and Other Employee Benefits

## a) Defined contribution plans

Provident fund and other funds:

Employer's contribution to provident fund

	<u>31st March, 2017</u>	<u>31st March, 2016</u>
Employer's contribution to provident fund	102,916	107,785

## b) Defined benefit plans

## Gratuity Plan:

## I (i) Change in Present Value of benefit obligations :

	<u>31st March, 2017</u> (Rs.)	<u>31st March, 2016</u> (Rs.)
Present value of obligation at the beginning (A)	36,969	-
Current Service Cost (B)	32,709	36,750
Interest Cost (C)	2,958	385
Actuarial (gain)/ loss (D)	39,545	-166
Benefits Paid (E)	-43,158	-
Present value of obligations at the end (F=A+B+C+D+E)	69,023	36,969

## (ii) Change in plan assets :

Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-
Fair value of plan assets as on at the end (F=A+B+C+D+E)	-	-

## (iii) Net Liabilities/ (Assets) (I-II)

## (iv) Net gratuity cost for the year ended:

Current Service Cost (A)	32,709	36,750
Interest cost (B)	2,958	385
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	39,545	-166
Net gratuity cost (E=A+B+C+D)	75,212	36,969

## (v) Bifurcation of Projected Benefit Obligation at the end of year as per Schedule III to the Companies Act, 2013

Current Liability (Amount due within one year)	277	196
Non-Current Liability (Amount due over one year)	68,746	36,773
Total Projected Benefit Obligation at the end of year	69,023	36,969



## Leave Encashment Plan:

	<u>31st March, 2017</u> (Rs.)	<u>31st March, 2016</u> (Rs.)
<b>II (i) Change In Present Value of benefit obligations :</b>		
Present value of obligation at the beginning (A)	63,757	-
Current Service Cost (B)	45,298	63,791
Interest Cost (C)	5,101	581
Actuarial (gain)/ loss (D)	31,967	-615
Benefits Paid (E)	-50,528	-
Present value of obligations at the end (F=A+B+C+D+E)	95,595	63,757
<b>(ii) Change in plan assets :</b>		
Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-
Fair value of plan assets at the end (F=A+B+C+D+E)	-	-
<b>(iii) Net Liability/(Assets) (I-II)</b>	95,595	63,757
<b>(iv) Net Leave Encashment for the year ended :</b>		
Current Service Cost (A)	45,298	63,791
Interest cost (B)	5,101	581
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	31,967	-615
Net Leave Encashment cost (E=A+B+C+D)	82,366	63,757
<b>(v) Bifurcation of PBO at the end of year as per Schedule III to the Companies Act, 2013</b>		
Current Liability (Amount due within one year)	4,786	5,233
Non-Current Liability (Amount due over one year)	90,809	58,524
Total PBO at the end of year	95,595	63,757

## Principal Actuarial Assumptions

The Principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below :

	Gratuity Plan		Leave Encashment Plan	
	<u>31st March,</u> <u>2017</u> (%)	<u>31st March,</u> <u>2016</u> (%)	<u>31st March,</u> <u>2017</u> (%)	<u>31st March,</u> <u>2016</u> (%)
Discount rate	7.37%	8.00%	7.37%	8.00%
Salary escalation rate	5.50%	5.50%	5.50%	5.50%
Expected rate of return on plan assets	-	-	-	-





## Note - 22: Related party disclosures

## 1. Related parties where control exists

Names of related parties and related party relationship

Holding Company:	Rico Auto Industries Ltd
Subsidiaries:	Rasa Autocom Ltd Rico Aluminum & Ferrous Auto Components Ltd Rico Jinfei Wheels Ltd
Subsidiaries of Holding Co.:	Rico Auto Industries Inc. USA Rico Auto Industries (UK) Limited, UK Uttarakhand Automotives Limited AAN Engineering Industries Limited
Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives, with whom transactions have taken place during the year.	Kapbros Engineering Industries Ltd Rico Castings Ltd Kapsons Associates Investments Private Limited
Key Managerial Personnel	Shri Arvind Kapur Director Shri Om Prakash Aggarwal Managing Director Shri Jagdish Chand Dwivedi Company Secretary Shri Parveen Garg Chief Financial Officer

## 2. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	<u>31st March, 2017</u> (Rs.)	<u>31st March, 2016</u> (Rs.)
(i) RICO Auto Industries Ltd, Holding Co.		
Margin Money received for leasing of assets	-	7,325,000
Margin Money refunded for leasing of assets	-	7,325,000
Issue of Equity Shares	-	460,000,000
Issue of Compulsorily Convertible Debentures	-	440,000,000
Investments Purchased	-	15,030,000
Rent Paid	71,708	49,486
Compulsory Convertible Debentures(CCD) issued	-	250,000,000
Interest on CCD (net of TDS)	23,062,500	19,082,120
Balance payable	122,004	5,800,125
(ii) Rico Aluminium and Ferrous Auto Components Limited, Subsidiary Co.		
Investment made	-	460,030,000
Loan given	-	34,610,000
Loan received back	-	34,610,000
Interest received (net of TDS)	-	2,907,400
Loan Recoverable	-	-
(iii) Rico Jinfei Wheels Limited , Subsidiary Co.		
Investment made	-	60,400,000
Loan given	-	19,000,000
Loan received back	-	19,000,000
Interest received (net of TDS)	-	1,019,953
Balance Recoverable	-	-
(iv) Rasa Autocom Limited, Subsidiary Co.		
Investment made	-	214,600,000
Balance Recoverable	-	-



RICO INVESTMENTS LIMITED

Notes To Financial Statements For Year Ended On 31st March, 2017

(v) Rico Castings Limited		
Loan given	-	255,000,000
Loan received back	-	26,000,000
Interest received (net of TDS)	21,640,501	24,449,449
Loan Recoverable	229,000,000	229,000,000
(vi) Kapbros Engineering Industries Limited		
Loan given	-	60,000,000
Loan received back	-	60,000,000
Interest received (net of TDS)	-	5,738,794
Loan Recoverable	-	-
(vii) Kapsons Associates Investments Private Limited		
Loan given	1,000,000	247,000,000
Loan received back	-	13,000,000
Interest received (net of TDS)	22,140,962	18,936,402
Loan Recoverable	235,000,000	234,000,000
(viii) AAN Engineering Industries Limited		
Loan given	-	3,000,000
Loan received back	-	3,000,000
Interest received (net of TDS)	-	118,837
Balance Recoverable	-	-
	<u>31st March, 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
(ix) Remuneration paid to key management personnel		
Shri Om Prakash Aggarwal (MD)	12	
Shri Jagdish Chand Dwivedi (CS)	2,294,178	2,399,634
Shri Parveen Garg (CFO)	889,659	902,173
	<u>31st March, 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Note - 23: Detail of dues to micro and small enterprises as defined under the	Nil	Nil
	<u>31st March, 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Note - 24: Capital and other commitments	Nil	Nil
	<u>31st March, 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Note - 25: Contingent Liabilities	Nil	Nil
	<u>31st March, 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Note - 26: Earning in Foreign Currency	Nil	Nil
	<u>31st March, 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Note - 27: Expenditure in Foreign Currency	Nil	Nil
	<u>31st March, 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Note - 28: Net Dividend remitted in Foreign Currency	Nil	Nil



31st March, 2017  
(Rs.)31st March, 2016  
(Rs.)


## Note - 29: Details of Disclosure of Specified Bank Notes

The company was not holding or dealing in Specified bank notes during period 8th November 2016 to 30th December 2016, hence the disclosure requirement as envisaged in Notification requirement G.S.R 308(E) dated 30th March 2017 is not applicable to the Company.

## Note - 30: Previous period figures

Previous period figures are regrouped/reclassified wherever necessary and are not comparable as the same are for the period from 07.01.2015 to 31.03.2016

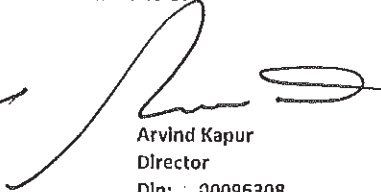
As Per Our Report Of Even Date  
For Budhraj Adlakha & Co.  
Chartered Accountants  
Firm Reg. No. 005154N

  
Nalin Kumar Budhraj  
(Partner)  
Membership No. 084310





For And On Behalf Of The Board Of Directors Of  
Rico Investments Ltd

  
Om Prakash Aggarwal  
Managing Director  
Din: 01537211

  
Arvind Kapur  
Director  
Din: 00096308

Place : Gurugram  
Dated : 25th May 2017

  
Parveen Garg  
C.F.O.

  
Jagdish Chand Dwivedi  
Company Secretary



# **AAN ENGINEERING INDUSTRIES LIMITED**

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## **Board of Directors**

Shri Naresh Kumar Sethi - Chairman  
Shri Ish Mohit Pannu - Director  
Smt. Shalini Kapur

## **Auditors**

Budhraj Adlakha & Co.  
Chartered Accountants  
(Firm Registration No.005154N)  
New Delhi (India)

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurugram - 122 001, Haryana (India)



*Budhraj Adlakha & Co.*  
*Chartered Accountants*

**INDEPENDENT AUDITOR'S REPORT**

**TO**

**THE MEMBERS OF  
AAN ENGINEERING INDUSTRIES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **AAN ENGINEERING INDUSTRIES LIMITED** ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial Statements that give true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

**Audit Report F.Y. 2016-17 AAN ENGINEERING INDUSTRIES LIMITED**



5/31, W.E.A., Karol Bagh, New Delhi, Delhi-110005  
Phone : 011-25767960, 25767970, Fax : 011-25714237 • E-mail : budh.adlh@gmail.com

error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") Issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies, Act 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent available.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and cash flow statement dealt with by this Report are in agreement with the books of account ;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended); and
  - e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.



- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operation effectiveness of such controls, refer to our separate report in Annexure B, 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations.
  - ii. The Company does not have any material foreseeable losses on long-term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 – Refer Note 31

For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



*Nalin Kumar Budhraj*  
Nalin Kumar Budhraj  
(Partner)  
Memb. No.: 084310

Place: Gurugram  
Date: 25<sup>th</sup> May 2017

**Annexure –A to the Auditor's Report**

*Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date.*

**RE: AAN ENGINEERING INDUSTRIES LIMITED**

- i) (a) The company has maintained proper records to show full particulars, including quantitative details and situation of all fixed assets.
- (b) The fixed assets have been physically verified by the management during the period under audit. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own any immovable property during the year. Accordingly, Para 3(i) (c) of the Order is not applicable.
- ii) (a) As explained to us, inventories have been physically verified by the management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(III)(a) (b) and (c) of the Order are not applicable.
- iv) According to the information and explanations given to us, the company has not granted any loans or provided any guarantees or securities and neither has made any investments.
- v) According to the information and explanations given to us, the Company has not accepted any deposits.
- vi) According to the information and explanations given to us, the company at present is not required to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013.
- vii) a) According to the information and explanations and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues to the extent applicable to it.
- b) According to the information and explanations given to us, there are no dues of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues to the extent applicable to it which have not been deposited on account of any dispute.

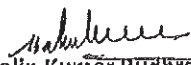




- (viii) According to the information and explanations given to us, the company does not have any loans or borrowings from any financial institution, banks, government or due to the debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix) According to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offers (including debt instruments). As per the information and explanations given to us, the company has applied the term loans, raised for the purpose for which they were raised.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given to us, no Managerial Remuneration has been paid during the year, hence clause 3(xi) of the Companies Auditors Report Order 2016 is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in notes to accounts in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



  
Nalin Kumar Budhraj  
(Partner)  
Memb. No.: 084310

Place: Gurugram  
Date: 25<sup>th</sup> May 2017

Audit Report F.Y. 2016-17 AAN ENGINEERING INDUSTRIES LIMITED

## Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of AAN ENGINEERING INDUSTRIES LIMITED ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

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

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

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



### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting


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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



  
Nalin Kumar Budhraj  
(Partner)  
Memb. No.: 083788

Place: Gurugram  
Date: 25<sup>th</sup> May 2017

**AAN ENGINEERING INDUSTRIES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2017**


	NOTES	31st March 2017 (Rs.)	31st March 2016 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	3	500,000	500,000
Reserves & Surplus	4	(8,826,094)	(10,762,198)
		<u>(8,326,094)</u>	<u>(10,262,198)</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Borrowings	5	23,811,366	19,211,366
Deferred Tax Liabilities	6	848,874	-
		<u>24,660,240</u>	<u>19,211,366</u>
<b>CURRENT LIABILITIES</b>			
Trade Payable	7	10,724,506	9,004,514
Other Current Liabilities	8	306,623	160,063
Short Term Provisions	9	519,247	-
		<u>11,550,376</u>	<u>9,164,577</u>
<b>TOTAL</b>		<u><u>27,884,521</u></u>	<u><u>18,113,745</u></u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
- Tangible Assets	10	10,289,972	2,199,033
- Capital Work-In-process	10	-	2,681,847
		<u>10,289,972</u>	<u>4,880,880</u>
Long Term Loans And Advances	11	270,000	270,000
		<u>270,000</u>	<u>270,000</u>
<b>CURRENT ASSETS</b>			
Inventories	12	6,258,577	2,755,216
Trade Receivable	13	5,516,885	2,478,439
Cash And Cash Equivalents	14	976,303	564,737
Short-Term Loans And Advances	11	1,453,308	946,385
Other Current Assets	15	3,119,477	6,218,087
		<u>17,324,549</u>	<u>12,962,864</u>
<b>TOTAL</b>		<u><u>27,884,521</u></u>	<u><u>18,113,745</u></u>
<b>SUMMARY OF SIGNIFICANT ACCOUNTING</b>	2.1		

The accompanying notes are an integral part of the Financial Statement.


1-32


As per our report of even date  
For Budhraj Adlakha & co  
Chartered Accountants  
Firm registration no. : 005154N

For and on behalf of Board of Directors of AAN Engineering Industries Limited

  
Nalin Kumar Budhraj  
(Partner)  
Membership No. 084310  
Date : 25th May, 2017  
Place : Gurugram



  
Ish Mohit Pannu  
Director  
DIN-07181747

  
Naresh Kumar Sethi  
Director  
Din: 00202498


**AAN ENGINEERING INDUSTRIES LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2017**

	NOTES	31st March 2017 (Rs.)	31st March 2016 (Rs.)
<b>INCOME</b>			
Revenue From Operations (Gross)	16	41,497,498	3,195,490
Less: Excise Duty		4,612,810	269,983
Revenue From Operations (Net)		36,884,688	2,925,508
Other Income	17	308,501	130,811
<b>TOTAL REVENUE</b>	<b>"A"</b>	<b>37,193,189</b>	<b>3,056,319</b>
<b>EXPENSES</b>			
Cost of material and components consumed	18	17,312,035	2,684,440
Change in Inventories of finished goods and work-in-progress	19	(1,510,157)	(352,624)
Employee Benefit Expenses	20	-	32,790
Depreciation/Amortisation	9	357,930	104,945
Financial Costs	21	28,190	152,160
Other Expenses	22	17,969,721	2,430,561
<b>TOTAL EXPENSES</b>	<b>"B"</b>	<b>34,157,719</b>	<b>5,052,271</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>	<b>("B"- "A")</b>	<b>3,035,470</b>	<b>(1,995,952)</b>
Less : Exceptional Items	23	-	(377,480)
Profit/(Loss) Before Extraordinary Items And Tax		3,035,470	(1,618,472)
Less : Extraordinary Items		-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>3,035,470</b>	<b>(1,618,472)</b>
<b>LESS : TAX EXPENSE / (INCOME) :-</b>			
(a) Current Tax		550,000	-
Less : MAT Credit Entitlement		(299,507)	-
(b) Deffered Tax		848,874	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>1,936,104</b>	<b>(1,618,472)</b>
Earnings per equity share [nominal value of share Rs. 10 (31st March 2016 : Rs. 10)]	24		
Number of Shares for the purpose of calculatlong EPS		50,000	50,000
Basic		38.72	(32.37)
Diluted		38.72	(32.37)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** 2.1


The accompanying notes are an integral part of the Financial Statement. 1-32

As per our report of even date  
 For Budhraj Adlakha & co  
 Chartered Accountants  
 Firm registration no. : 005154N

  
 Nalin Kumar Budhraj  
 (Partner)  
 Membership No. 084310  
 Date : 25th May, 2017  
 Place : Gurugram



For and on behalf of Board of Directors of Aan Engineering Industries Limited

  
 Ish Mohit Pannu  
 Director  
 DIN-07181747

  
 Naresh Kumar Sethi  
 Director  
 Din: 00202498


**AAN ENGINEERING INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

	31st March 2017 (Rs.)	31st March 2016 (Rs.)
<b>Cash Flow From Operating Activities</b>		
Profit before tax from continuing operations	3,035,470	(1,618,472)
Profit before tax from continuing operations	3,035,470	(1,618,472)
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation/amortization	357,930	104,945
Interest & Financial Charges	28,190	152,160
Depreciation/amortization written back	-	(377,480)
<b>Operating Profit Before Working Capital Changes</b>	<b>3,421,590</b>	<b>(1,738,847)</b>
<b>Movements in working Capital :</b>		
Increase/(decrease) in other current liabilities	146,560	97,397
Increase/(decrease) in trade payables	1,719,991	4,438,628
Increase/(decrease) in long term provisions	-	(3,612)
Increase/(decrease) in short term provisions	519,247	(289)
Decrease/(Increase) in long-term loans and advances	-	(270,000)
Decrease/(Increase) in short-term loans and advances	(506,923)	(832,016)
Decrease/(Increase) in other current assets	3,098,610	(6,028,027)
Decrease/(Increase) in inventories	(3,503,361)	(2,755,216)
Decrease/(Increase) in trade receivables	(3,038,446)	(2,478,439)
<b>Cash generated from /(used in) operations</b>	<b>1,857,268</b>	<b>(9,570,421)</b>
Income Tax Payment during the year	(250,493)	-
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>1,606,775</b>	<b>(9,570,421)</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and Capital advances	(7,935,935)	(2,681,847)
Sale of Fixed Assets	2,168,916	-
<b>Net Cash used from /(used in) Investing Activities (B)</b>	<b>(5,767,019)</b>	<b>(2,681,847)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from long term borrowings	4,600,000	12,968,100
Interest Paid	(28,190)	(152,160)
<b>Net Cash flow from /(used in) Financing Activities (C)</b>	<b>4,571,810</b>	<b>12,815,940</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>411,566</b>	<b>563,672</b>
Cash and Cash Equivalents as at 01.04.2016 (Opening Balance)	564,737	1,065
Cash and Cash Equivalents as at 31.03.2017 (Closing Balance)	<b>976,303</b>	<b>564,737</b>
<b>Components of cash and cash equivalents</b>		
Cash on Hand	4,723	8,733
<b>With banks-</b>		
On Current Accounts	971,580	556,004
<b>Total cash and cash equivalents (refer note -14)</b>	<b>976,303</b>	<b>564,737</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** 2.1

The accompanying notes are an integral part of the Financial Statement. 1-32

As per our report of even date  
For Budhraj Adlakha & co  
Chartered Accountants  
Firm registration no. : 005154N

  
Nalin Kumar Budhraj  
(Partner)  
Membership No. 084310



Date : 25th May, 2017  
Place : Gurugram

For and on behalf of Board of Directors of  
AAN Engineering Industries Ltd

  
Ish Mohit Parnu  
Director  
DIN-07181747

  
Naresh Kumar Sethi  
Director  
Din: 00202498

## **AAN ENGINEERING INDUSTRIES LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

#### **Note - 1: Corporate Information**

The Company was incorporated as RUPAK AUTOMOTIVE INDUSTRIES LIMITED with the Registrar of Companies, NCT of Delhi & Haryana vide CIN : U28112HR2010PLC039941 dated 12<sup>th</sup> January, 2010. The Company Became a 100% Subsidiary of RICO AUTO INDUSTRIES LTD, on 8<sup>th</sup> April 2010 and subsequently on 12<sup>th</sup> May, 2011 the name of the company was changed to "AAN ENGINEERING INDUSTRIES LIMITED". The main objects of the company are to carry on the Business of civil, mechanical, electrical and electronics engineers and manufacturing and sale of goods and equipments used in defence and home land security.

#### **Note - 2: Basis of preparation of financial statements**

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the company.

#### **Note - 2.1: Summary of significant accounting policies**

##### **a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### **b. Tangible fixed assets and Capital work in progress**

Tangible Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.



## **AAN ENGINEERING INDUSTRIES LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

#### **c. Depreciation on tangible fixed assets**

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 be put to use. However for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years.

Depreciation on other fixed assets 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 be put to use.

#### **d. Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds the recoverable amount.

#### **e. Revenue Recognition**

##### **I. Revenue from sale of goods**

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realisation of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

##### **II. Revenue from sale of services**

Service income comprising technical and other support services fee is recognised as per the terms of the agreement.

##### **III. Interest Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### **f. Inventories**

Raw materials, components, stores and spares are valued at lower of cost and net realizable 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 of raw materials, components and stores and spares is determined on a moving weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing





## **AAN ENGINEERING INDUSTRIES LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

overheads based on normal operating capacity. Cost of finished goods includes excise duty.

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

#### **g. Retirement and Other Employee benefits**

##### **Short-term employee benefits:-**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, Bonus and performance incentives.

##### **Post employment benefit plans:-**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit Schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gain and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

#### **h. Lease**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Lease payments under operating

#### **i. Accounting for taxes on Income**

- i. Current Tax** is determined as the amount of tax payable in respect of taxable income for the period.
- ii. Deferred Tax** is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income



## **AAN ENGINEERING INDUSTRIES LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

that originate at one period and capable of reversal in one and more subsequent periods. Deferred Tax Assets are not recognized on unabsorbed depreciation and carried forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

#### **j. Earning per share**

The Basic Earning per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **k. Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

#### **l. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

#### **m. Cash Flow**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



**AAN ENGINEERING INDUSTRIES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

<b>NOTE - 3</b> <b>SHARE CAPITAL</b>	<b>31st March 2017</b> <b>(Rs.)</b>	<b>31st March 2016</b> <b>(Rs.)</b>
<b>AUTHORISED SHARES</b>		
10,00,000 Equity Shares of Rs.10/- each with Voting right (Previous Year 10,00,000 Equity Shares of Rs.10/- )	10,000,000	10,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
50000 Equity Shares of Rs.10/- each fully paidup with Voting Right (Previous Year 50000 Equity Shares of Rs.10/- )	500,000	500,000
<b>Total Issued, subscribed and fully paid up share capital</b>	<b>500,000</b>	<b>500,000</b>

	<b>31st March 2017</b>		<b>31st March 2016</b>	
	<b>Nos.</b>	<b>Amount</b>	<b>Nos.</b>	<b>Amount</b>
At the beginning of the year	50,000	500,000	50,000	500,000
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>50,000</b>	<b>500,000</b>	<b>50,000</b>	<b>500,000</b>

**b) Terms/rights attached to equity shares**

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

**c) Shares held by holding/Ultimate holding and subsidiaries**

	<b>31st March 2017</b>		<b>31st March 2016</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
Rico Auto Industries Limited (Holding Company) and its nominees Equity shares of Rs.10 each fully paid	50,000	100%	50,000	100%

**d) Details of shareholders holding more than 5% shares in the company**

	<b>31st March 2017</b>		<b>31st March 2016</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
Equity shares of Rs.10 each fully paid Rico Auto Industries Limited (Holding Company) and its nominees	50,000	100%	50,000	100%

<b>NOTE - 4</b> <b>Reserves &amp; Surplus</b>	<b>31st March 2017</b> <b>Amount (Rs.)</b>	<b>31st March 2016</b> <b>Amount (Rs.)</b>
Surplus/(Deficit) in Statement Profit & Loss Balance as per last Balance Sheet	(10,762,198)	(9,143,726)
Add : Profit / (Loss) for the year	1,936,104	(1,618,472)
<b>TOTAL (Rs.)</b>	<b>(8,826,094)</b>	<b>(10,762,198)</b>

<b>NOTE - 5</b> <b>BORROWINGS</b>	<b>Long-Term</b>		<b>Short-Term</b>	
	<b>31st March 2017</b> <b>Amount (Rs.)</b>	<b>31st March 2016</b> <b>Amount (Rs.)</b>	<b>31st March 2017</b> <b>Amount (Rs.)</b>	<b>31st March 2016</b> <b>Amount (Rs.)</b>
<b>Loans &amp; Advances from Related parties</b>				
From Holding Company Rico Auto Industries Ltd <sup>1</sup> (Refer Note 26)	23,811,366	19,211,366	-	-
<b>TOTAL (Rs.)</b>	<b>23,811,366</b>	<b>19,211,366</b>	<b>-</b>	<b>-</b>
<b>The above amount includes</b>				
Secured borrowings	-	-	-	-
Unsecured borrowings	23,811,366	19,211,366	-	-
	<b>23,811,366</b>	<b>19,211,366</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Rupee Term Loan from Rico Auto Industries Limited is repayable within ten years with a moratorium period of four years. The principal amount along-with interest is payable on quarterly basis starting from 1st April, 2018. Further, the interest is payable after the Company comes into profit and the yield accruing to the lender will be such that, it will cover the entire tenure of the loan, and shall not be less than that prescribed under the Companies Act, 2013.



**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

<b>NOTE - 6</b>	<b>31st March 2017</b>	<b>31st March 2016</b>		
	<b>(Rs.)</b>	<b>(Rs.)</b>		
<b>DEFERRED TAX LIABILITIES</b>				
Fixed assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting	848,874	-		
	<b>848,874</b>	<b>-</b>		
<b>NOTE - 7</b>	<b>31st March 2017</b>	<b>31st March 2016</b>		
	<b>(Rs.)</b>	<b>(Rs.)</b>		
<b>TRADE PAYABLE- CURRENT LIABILITIES</b>				
Due to Micro & Medium Enterprises (Refer Note No.27)	1,078,151	2,338,756		
Others				
Acceptances	8,032,208	2,136,966		
Due to related parties (Refer Note No. 26 )	1,614,146	4,528,793		
<b>TOTAL (Rs.)</b>	<b>10,724,506</b>	<b>9,004,514</b>		
<b>NOTE - 8</b>	<b>31st March 2017</b>	<b>31st March 2016</b>		
	<b>(Rs.)</b>	<b>(Rs.)</b>		
<b>OTHER CURRENT LIABILITIES</b>				
Other Payables:				
Statutory obligations		48,597		
- VAT & sales tax		56,714		
- TDS Payable	83,258	6,245		
- Service Tax Payable	4,811	48,507		
Expenses Payables	218,554	160,063		
<b>TOTAL (Rs.)</b>	<b>306,623</b>	<b>160,063</b>		
<b>NOTE - 9</b>	<b>31st March 2017</b>	<b>31st March 2016</b>		
	<b>(Rs.)</b>	<b>(Rs.)</b>		
<b>SHORT TERM PROVISIONS</b>				
Provision for Income Tax (Net of Advance Tax / TDS)	519,247	-		
	<b>519,247</b>	<b>-</b>		
<b>NOTE - 11</b>				
<b>LOANS AND ADVANCES</b>				
(Unsecured & Considered good)				
	<b>Non-Current</b>		<b>Current</b>	
	<b>31st March 2017</b>	<b>31st March 2016</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Security Deposit	270,000	270,000	-	-
Mat Credit Receivable	-	-	299,507	-
Interest Accrued but not due	-	-	73,227	114,155
Others :				
Advance Tax/TDS	-	-	-	28,004
Advances to Employees	-	-	-	5,000
Balance with Statutory/Government Authorities	-	-	1,080,573	799,226
	<b>270,000</b>	<b>270,000</b>	<b>1,453,308</b>	<b>946,385</b>
<b>NOTE - 12</b>				
<b>INVENTORIES</b>				
(Valued at lower of cost and net realizable value)				
	<b>31st March 2017</b>	<b>31st March 2016</b>		
	<b>(Rs.)</b>	<b>(Rs.)</b>		
Raw Materials (Refer note no. 18)	3,552,928	2,256,052		
Work-in-process (Refer note no. 19)	1,862,781	352,624		
Stores & Spares	842,868	146,540		
<b>TOTAL (Rs.)</b>	<b>6,258,577</b>	<b>2,755,216</b>		



**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK				
	OPENING AS ON	ADDITIONS	SALE/ADJ. DURING THE YEAR	TOTAL AS ON 31.03.2017	TOTAL AS ON 01.04.2016	Excess Depreciation written back	FOR THE Year Ended	SALE/ADJUSTMENT*	TOTAL AS ON 31.03.2017	AS ON 31.03.2017	AS ON 31.03.2016
	01.04.2016										
TANGIBLE ASSETS:											
PLANT & MACHINERY - INDIAN	2,459,931	10,617,782	2,459,931	10,617,782	265,410	-	355,528	291,017	329,920	10,287,862	2,194,521
COMPUTERS	42,200	-	-	42,200	37,688	-	2,402	-	40,090	2,110	4,512
TOTAL	2,502,131	10,617,782	2,459,931	10,659,982	303,098	-	357,930	291,017	370,010	10,289,972	2,199,033
TOTAL PREVIOUS YEAR	2,502,131	-	-	2,502,131	575,633	377,480	104,945	-	303,098	2,199,033	1,926,498



NOTE - 10

**AAN ENGINEERING INDUSTRIES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

**NOTE - 13**

**Trade Receivables**

(Unsecured considered good)

Outstanding for a period exceeding six months from date they are due for payment

Other Receivables

**TOTAL (Rs.)**

31st March 2017  
(Rs.)

110,295

5,406,590

**5,516,885**

31st March 2016  
(Rs.)

2,478,439

**2,478,439**

**NOTE - 14**

**CASH AND CASH EQUIVALENTS**

Cash on Hand

Balances with Banks

Current Accounts

**TOTAL (Rs.)**

31st March 2017  
(Rs.)

4,723

971,580

**976,303**

31st March 2016  
(Rs.)

8,733

556,004

**564,737**

**NOTE - 15**

**OTHER CURRENT ASSETS**

Fixed deposit held as margin money for bank Guarantee

**TOTAL (Rs.)**

31st March 2017  
(Rs.)

3,119,477

**3,119,477**

31st March 2016  
(Rs.)

6,218,087

**6,218,087**

**NOTE - 16**

**REVENUE FROM OPERATIONS**

Revenue from Operations

Sale of products

Sale of Services

Revenue from operations (Gross)

Less :- Excise Duty

Revenue from operations (Net)

**Detail of product sold**

- Steel Parts

**Detail of services**

- Job work

31st March 2017  
(Rs.)

41,497,498

41,497,498

4,612,810

**36,884,688**

41,497,498

**41,497,498**

-

**-**

31st March 2016  
(Rs.)

2,429,843

765,648

**3,195,490**

269,983

**2,925,508**

2,429,843

**2,429,843**

765,648

**765,648**

**NOTE - 17**

**OTHER INCOME**

Interest Income

Misc. Income

**NOTE - 18**

Cost of material and component consumed

Inventory at b/gning of the year

Add: Purchase during the year

Less: Inventory at the end of the year

Cost of Raw material and Component Consumed

Detail of Raw Material and Components Consumed

- Iron & Steel

Detail of Inventory at year end

- Iron & Steel

31st March 2017  
(Rs.)

308,501

-

**308,501**

31st March 2016  
(Rs.)

126,910

3,901

**130,811**

31st March 2017  
(Rs.)

2,256,052

18,608,911

3,552,928

**17,312,035**

17,312,035

**17,312,035**

31st March 2016  
(Rs.)

-

4,940,491

2,256,052

**2,684,440**

2,684,440

**2,684,440**

3,552,928

**3,552,928**

2,256,052

**2,256,052**



**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

<b>NOTE - 19</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>Change In Inventories of finished goods and work-in-progress</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Inventories at the beginning of the year		
Work In Process	352,624	-
Finished Goods	-	-
	<u>352,624</u>	<u>-</u>
Less :inventories at the end of the year		
Work In Process	1,862,781	352,624
Finished Goods	-	-
	<u>1,862,781</u>	<u>352,624</u>
Add : excise duty on Finished goods	-	-
Net Increase/Decrease In finished goods and WIP	<u>(1,510,157)</u>	<u>(352,624)</u>
<b>Detail of WIP at year end</b>		
- Steel Parts	1,862,781	352,624
	<u>1,862,781</u>	<u>352,624</u>
<b>NOTE - 20</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>EMPLOYEES BENEFIT EXPENSES</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Salaries, wages and bonus	-	32,790
<b>TOTAL (RS)</b>	<u>-</u>	<u>32,790</u>
<b>NOTE - 21</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>FINANCIAL COSTS</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Bank Charges	22,452	20,119
Other Interest	5,738	132,041
<b>TOTAL (RS)</b>	<u>28,190</u>	<u>152,160</u>
<b>NOTE - 22</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>OTHER EXPENSES :</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Consumption of Stores & Spares		
Electrical Spares Consumed	45,559	17,558
Others Stores & Spares Consumed	7,979,156	611,388
Power & Fuel	1,130,192	364,088
Sub Contractor Expenses	7,413,370	632,527
Rent for Building	253,500	266,414
Rates & taxes	17,277	181,925
Legal & Professional Charges	107,801	58,186
Postage & Courier	-	-
Printing & Stationery	58,009	8,818
Testing & Inspection charges	213,113	16,251
Travelling Expenses	43,543	175,699
Development Expenses	-	68,000
Freight & Cartage Outward	593,607	-
Misc expenses	14,594	1,083
Payment to Auditor :		
Audit Fee	75,000	22,900
Tax Audit Fees	25,000	-
In Other Capacity :		
Taxation Matters	100,000	5,725
<b>TOTAL (RS)</b>	<u>17,969,721</u>	<u>2,430,561</u>
<b>NOTE - 23</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>EXCEPTIONAL ITEMS</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Excess depreciation added back due to change in Method	-	(377,480)
<b>TOTAL (RS)</b>	<u>-</u>	<u>(377,480)</u>



**AAN ENGINEERING INDUSTRIES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

<b>Note - 24: Earning per share (EPS)</b>	<u>31st March, 2017</u>	<u>31st March, 2016</u>
Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:-		
Net Profit as per Statement of Profit & Loss (Rs.)	1,936,104	(1,618,472)
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	50,000	50,000
Number of shares - Diluted (Nos.)	50,000	50,000
Basic Earning Per share (Rs.)	38.72	(32.37)
Diluted Earning Per share (Rs.)	38.72	(32.37)

**Note - 25: Retirement and Other Employee Benefits**

*Defined contribution plans*

The Company has not made any Provision on account of Gratuity and Leave encashment as the same was not applicable.

**Note - 26: Related party disclosures**

**1. Related parties where control exists**

Names of related parties and related party relationship

Relationship	Name of Party
Holding company	Rico Auto Industries Ltd
Step down subsidiary of holding company	Rico Aluminium & ferrous auto components ltd.
Fellow subsidiaries	Rico Auto Industries inc. USA Rico Auto Industries (UK) Limited, UK Uttarakhand Automotives Limited Rico Investments Limited
Key Managerial Personnel	Shri ISH Mohit Pannu

**2. Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	<u>31st March, 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
<b>(i) RICO Auto Industries Ltd, Holding Co.</b>		
Loan taken during the year	28,500,000	12,968,102
Loan repaid during the year	23,900,000	-
Job work income	-	765,648
Other expenses	29,083	40,405
Sale of Components	20,128	-
Sale of Assets	2,203,417	-
Electricity Expenses Paid	1,130,192	-
Assets Purchase	1,494,619	-
Rent Paid	291,436	266,414
Sub-Contractor Expenses	7,329,610	632,527
Loans (taken) payable	23,811,366	19,211,366
Balance payable	2,318,355	4,528,793
<b>(ii) Rico Aluminium and Ferrous Auto Components Limited, Subsidiary Co.</b>		
Job Work Exp	-	524,930
Scrap Sales	806,845	-
Components Purchase	145,307	-
Reimbursement of expenses	1,560	-
Balance payable / (Receivable)	(145,547)	514,431





**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

Note - 27: Detail of dues to micro and small enterprises as defined under the MSME Act, 2006	31st March, 2017 (Rs.)	31st March, 2016 (Rs.)
Balance payable	1,078,151	2,338,755
Interest Payable		

Note - 28 : Composition of Imported and Indigenous raw material (Including components and spares)

	31st March 2017		31st March 2016	
	% of total consumption	Value in Rs.	% of total consumption	Value in Rs.
1 Iron & Steel				
-Indigenous	100%	15,801,878	100%	2,331,815
-Imported				
	100%	15,801,878	100%	2,331,815
2 Stores and spare parts				
-Indigenous	100%	8,024,715	100%	628,946
-Imported				
	100%	8,024,715	100%	628,946

Note - 29: Capital and other commitments

	31st March, 2017 (Rs.)	31st March, 2016 (Rs.)
	Nil	Nil

Note - 30: Contingent Liabilities

	31st March, 2017 (Rs.)	31st March, 2016 (Rs.)
a. Claims against the company not acknowledged as debts	Nil	Nil
b. Guarantees issued by Bank on behalf of the Company and outstanding.	3,119,477	3,342,767

Note - 31: Details of Disclosure of Specified Bank Notes

The company was not holding or dealing in Specified bank notes during period 8th November 2016 to 30th December 2016, hence the disclosure requirement as envisaged in Notification requirement G.S.R 308(E) dated 30th March 2017 is not applicable to the Company.

Note - 32: Previous year figures

Previous year figures have been regrouped and re-classified wherever necessary.

As per our report of even date  
 For Budhraj Adlakha & co  
 Chartered Accountants  
 Firm registration no. : 005154N

Nalin Kumar Budhraj  
 (Partner)  
 Membership No 084310



For and on behalf of Board of Directors of AAN Engineering Industries Limited

Ish Mohit Pannu  
 Director  
 DIN-07181747

Naresh Kumar Sethi  
 Director  
 Din: 00202498

Date : 25th May, 2017  
 Place : Gurugram

# UTTARAKHAND AUTOMOTIVES LIMITED

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## **Board of Directors**

Shri Rakesh Kapur - Chairman  
Shri Arun Kapur  
Shri Om Prakash Aggarwal

## **Auditors**

Budhraj Adlakha & Co.  
Chartered Accountants  
(Firm Registration No.005154N)  
New Delhi (India)

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurugram - 122 001, Haryana (India)



**INDEPENDENT AUDITOR'S REPORT**

**THE MEMBERS OF  
UTTARAKHAND AUTOMOTIVES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **UTTARAKHAND AUTOMOTIVES LIMITED** ('the Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial statements and for Internal Financial Controls over Financial Reporting**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (*as amended*). 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.

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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**

Our responsibility is to express an opinion on these financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. 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 the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the standalone financial statements.

## **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

Financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:



- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. 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 authorizations of management and directors of the company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) In the case of the Statement of Profit and Loss , of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:


- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and cash flow statement dealt with by this Report are in agreement with the books of account ;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended); and
- e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
- f. In our opinion considering nature of business, size of operation and organizational structure of the entity, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.; 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations as on the date of the financial statements.
  - ii. The Company does not have any material foreseeable losses on long-term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 (Refer Note 18)



2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



  
Nalin Kumar Budhraj  
(Partner)  
Memb. No.: 084310

Place: Gurugram  
Date: 25<sup>th</sup> May, 2017

**Annexure –A to the Auditor's Report**

*Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date.*

**RE: UTTARAKHAND AUTOMOTIVES LIMITED**

- i) The company does not have any Fixed Asset and hence, this clause is not applicable to the Company.
- ii) In the absence of inventory as on 31<sup>st</sup> march 2016, a paragraph 3(ii) of the Order is not applicable.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii)(a) (b) and (c) of the Order are not applicable.
- iv) The company has not granted any loans and neither has made any investments.
- v) The Company has not accepted any deposits.
- vi) As per the information and explanations given to us, the company at present is not required to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013.
- vii) a) According to the information and explanations and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income tax and other material statutory dues applicable to it.  
  
According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Service Tax, Cess which were outstanding, as at March 31, 2017 for a period of more than six months, from the date they became payable except an amount of Rs 17660000/- on account of income tax.  
  
b) According to the information and explanations given to us, there are no dues of Income tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, and Cess which have not been deposited on account of any dispute.
- (viii) The company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix) The company has not raised any money by way of initial public offer or further public offers (including debt instruments) and does not have any term loans outstanding and has neither raised the same during the year.






- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) No Managerial Remuneration has been paid during the year, hence clause 3(xi) of the Companies Auditors Report Order 2016 is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in notes to accounts in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) As per the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For BUDHRAJA ADLAKHA & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



  
NALIN KUMAR BUDHRAJA  
(Partner)  
Memb. No.: 084310

Place: Gurugram  
Date: 25<sup>th</sup> May 2017

**UTTARAKHAND AUTOMOTIVES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2017**


	NOTES	31st March 2017 (Rs.)	31st March 2016 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	3	4,100,000	4,100,000
Reserves & Surplus	4	(3,483,574)	(3,440,373)
		<u>616,426</u>	<u>659,627</u>
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	5	3,755,000	3,755,000
Other Current Liabilities	6	69,126	34,420
Short-Term Provisions	7	17,660,000	17,660,000
		<u>21,484,126</u>	<u>21,449,420</u>
<b>TOTAL</b>		<u><u>22,100,552</u></u>	<u><u>22,109,047</u></u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash And Cash Equivalents	8	32,796	41,291
Short Term Loans & Advances	9	995,664	995,664
Other Current Assets	10	21,072,092	21,072,092
		<u>22,100,552</u>	<u>22,109,047</u>
<b>TOTAL</b>		<u><u>22,100,552</u></u>	<u><u>22,109,047</u></u>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** 2.1

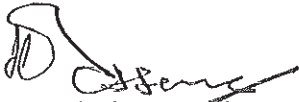
The accompanying notes 1 to 22 are an integral part of the Financial Statement.


As per our report of even date  
 For Budhraj Adlakha & co  
 Chartered Accountants  
 Firm registration no.:005154N

For and on behalf of Board of Directors  
 Uttarakhand Automotives Limited

  
 Nalin Kumar Budhraj  
 Partner  
 Membership No.084310



  
 Om Prakash Aggarwal  
 Director  
 DIN-01537211

  
 Rakesh Kapur  
 Director  
 DIN-00100359

Place:Gurgaon

Date: 25th May 2017


UTTARAKHAND AUTOMOTIVES LIMITED  
STATEMENT OF PROFIT & LOSS ACCOUNT FOR YEAR ENDING 31ST MARCH 2017

	NOTES	31st March 2017 (Rs.)	31st March 2016 (Rs.)
<b>INCOME</b>			
Other Income	11	-	86,673,126
<b>TOTAL REVENUE</b>	<b>"A"</b>	<b>-</b>	<b>86,673,126</b>
<b>EXPENSES</b>			
Financial Costs	12	-	-
Other Expenses	13	43,201	384,380
<b>TOTAL EXPENSES</b>	<b>"B"</b>	<b>43,201</b>	<b>384,380</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>	<b>("B"- "A")</b>	<b>(43,201)</b>	<b>86,288,746</b>
Less : Exceptional Items		-	-
Profit/(Loss) Before Extraordinary Items And Tax		(43,201)	86,288,746
Add : Extraordinary Items		-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(43,201)</b>	<b>86,288,746</b>
<b>LESS : TAX EXPENSE:</b>			
Current Income Tax		-	-
Less: Mat Credit Entitlement		-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(43,201)</b>	<b>86,288,746</b>
<b>Earnings per equity share [nominal value of share Rs. 10 (31st March 2016 : Rs. 10)]</b>			
Number of Shares for the purpose of calculating EPS	15	410,000	410,000
Basic		(0.11)	210.46
Diluted		(0.11)	210.46

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** 2.1

The accompanying notes 1 to 22 are an integral part of the Financial Statement.

As per our report of even date  
For Budhraj Adlakha & co  
Chartered Accountants  
Firm registration no.:005154N

  
Nalin Kumar Budhraj  
Partner  
Membership No.084310



For and on behalf of Board of Directors  
Uttarakhand Automotives Limited

  
Om Prakash Aggarwal  
Director  
DIN-01537211

  
Rakesh Kapur  
Director  
DIN-00100359

Place:Gurgaon

Date : 25th May 2017

**UTTARAKHAND AUTOMOTIVES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

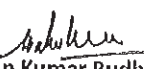
	31st March 2017 (Rs.)	31st March 2016 (Rs.)
<b>Cash Flow From Operating Activities</b>		
Profit before tax from continuing operations	(43,201)	86,288,746
Profit before tax from continuing operations	(43,201)	86,288,746
Non-cash adjustment to reconcile profit before tax to net cash flows		
Waiver of Loan due to holding co.	-	(86,673,126)
<b>Operating Profit /(Loss) Before Working Capital Changes</b>	<b>(43,201)</b>	<b>(384,380)</b>
<b>Movements in working Capital :</b>		
Increase/(decrease) In other current liabilities	34,706	(131,149)
Decrease/(Increase) In other current assets	-	17,908
Decrease/(Increase) In short term provision	-	-
Cash generated from /(used in) operations	(8,495)	(497,621)
Income Tax Payment during the year	-	(3,430,000)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(8,495)</b>	<b>(3,927,621)</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and Capital advances	-	-
<b>Net Cash used from /(used in) Investing Activities (B)</b>	<b>-</b>	<b>-</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds/(Reduction) In short term borrowings	-	3,755,000
<b>Net Cash flow from /(used in) Financing Activities (C)</b>	<b>-</b>	<b>3,755,000</b>
<b>Net increase/(decrease) In cash and cash equivalents (A+B+C)</b>	<b>(8,495)</b>	<b>(172,621)</b>
Cash and Cash Equivalents (Opening Balance)	41,291	213,912
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>32,796</b>	<b>41,291</b>
<b>Components of cash and cash equivalents</b>		
Cash on Hand	8,286	8,286
With banks-		
On Current Accounts	24,510	33,005
<b>Total cash and cash equivalents (Note B)</b>	<b>32,796</b>	<b>41,291</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2.1

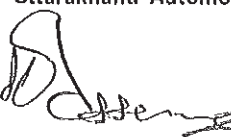
The accompanying notes 1 to 22 are an integral part of the Financial Statement.

As per our report of even date  
 For Budhraj Adlakha & co  
 Chartered Accountants  
 Firm registration no. : 005154N

  
 Nalin Kumar Budhraj  
 Partner  
 Membership No.084310



For and on behalf of Board of Directors  
 Uttarakhand Automotives Limited

  
 Om Prakash Aggarwal  
 Director  
 DIN-01537211

  
 Rakesh Kapur  
 Director  
 DIN-00100359

Place:Gurgaon

Date : 25th May 2017

**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

**Note - 1: Corporate Information**

The Company was incorporated with Registrar of Companies, NCT of Delhi & Haryana vide CIN : U29253HR2007PLC036910 dated 04th June, 2007 as a private limited company and later converted to public limited company vide ROC certificate dated 29th September, 2007. The Company was promoted by two directors of RICO AUTO INDUSTRIES LTD.INDIA, and later their shareholding was taken over by RICO AUTO INDUSTRIES LTD making it a 100% Subsidiary company .The main objects of the company are manufacturing of auto components. But the company has not started manufacturing as yet.

**Note - 2: Basis of preparation**

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the company.

**Note - 2.1: Summary of significant accounting policies**

**a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b. Accounting for taxes on Income**

- i) Current Tax is determined as the amount of tax payable in respect of taxable income for the period.
- ii) Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate at one period and capable of reversal of one and more subsequent period. Deferred Tax Assets are not recognized



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

on unabsorbed depreciation and carried forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**c. Earning per share**

Basic Earning Per Share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividend & attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity share are treated as a fraction of an equity shares to the extent they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of shares outstanding during the period is adjusted for the events of bonus issue; bonus element in right issue to existing shareholders; share split; and reserve share split (consolidation of shares).

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**d. Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

**e. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.



**UTTARAKHAND AUTOMOTIVES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

**f. Cash Flow**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



UTTARAKHAND AUTOMOTIVES LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

<b>NOTE - 3</b> <b>SHARE CAPITAL</b>	<b>31st March 2017</b> <b>(Rs.)</b>	<b>31st March 2016</b> <b>(Rs.)</b>
<b>AUTHORISED SHARES</b> 2,40,00,000 Equity Shares of Rs.10/- each (Previous Year 10,00,000 Equity Shares of Rs.10/- )	240,000,000	240,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b> 4,10,000 Equity Shares of Rs.10/- each fully paidup (Previous Year 4,10,000 Equity Shares of Rs.10/-)	4,100,000	4,100,000
<b>Total Issued, subscribed and fully paid up share capital</b>	<b>4,100,000</b>	<b>4,100,000</b>

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	<b>31st March 2017</b>		<b>31st March 2016</b>	
	<b>Nos.</b>	<b>Amount</b>	<b>Nos.</b>	<b>Amount</b>
At the beginning of the year	410,000	4,100,000	410,000	4,100,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	410,000	4,100,000	410,000	4,100,000

b) Terms/rights attached to equity shares

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

c) Shares held by holding company/ultimate holding company/susidiaries

	<b>31st March 2017</b>		<b>31st March 2016</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
Rico Auto Industries Limited (Holding Company) Equity shares of Rs.10 each fully paid	410,000	100%	410,000	100%

d) Details of shareholders holding more than 5% shares in the company

	<b>31st March 2017</b>		<b>31st March 2016</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
Equity shares of Rs.10 each fully paid Rico Auto Industries Limited (Holding Company)	410,000	100%	410,000	100%

<b>NOTE - 4</b> <b>Reserves &amp; Surplus</b>	<b>31st March 2017</b> <b>(Rs.)</b>	<b>31st March 2016</b> <b>(Rs.)</b>
<b>Surplus/(Deficit) in Statement Profit &amp; Loss</b>		
Balance as per last Balance Sheet	(3,440,373)	(89,729,120)
Add : Profit / (Loss) for the period / year	(43,201)	86,288,746
<b>TOTAL (RS)</b>	<b>(3,483,574)</b>	<b>(3,440,373)</b>





UTTARAKHAND AUTOMOTIVES LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

<u>NOTE - 5</u> <u>SHORT TERM BORROWINGS</u>	31st March 2017 (Rs.)	31st March 2016 (Rs.)
<u>Loans Repayable on Demand</u>		
From related party (unsecured)		
Rico Auto Industries Ltd (Refer Note 18)	3,755,000	3,755,000
<b>TOTAL (RS)</b>	<b>3,755,000</b>	<b>3,755,000</b>
<u>NOTE - 6</u> <u>OTHER CURRENT LIABILITIES</u>	31st March 2017 (Rs.)	31st March 2016 (Rs.)
Other Payables		
Expenses Payables	69,126	34,420
<b>TOTAL (RS)</b>	<b>69,126</b>	<b>34,420</b>
<u>NOTE - 7</u> <u>SHORT-TERM PROVISIONS</u>	31st March 2017 (Rs.)	31st March 2016 (Rs.)
Provision for Income Tax	17,660,000	17,660,000
<b>TOTAL (RS)</b>	<b>17,660,000</b>	<b>17,660,000</b>
<u>NOTE - 8</u> <u>CASH AND CASH EQUIVALENTS</u>	31st March 2017 (Rs.)	31st March 2016 (Rs.)
a) Cash on Hand	8,286	8,286
b) Balances with Banks :-		
Current Accounts	24,510	33,005
<b>TOTAL (RS)</b>	<b>32,796</b>	<b>41,291</b>
<u>NOTE - 9</u> <u>SHORT TERM LOANS &amp; ADVANCES</u>	31st March 2017 (Rs.)	31st March 2016 (Rs.)
Amount Recoverable from Eldeco Sdcul Industrial Park Ltd.	995,664	995,664
	995,664	995,664
<u>NOTE - 10</u> <u>OTHER CURRENT ASSETS</u>	31st March 2017 (Rs.)	31st March 2016 (Rs.)
Mat Credit Entitlement	21,072,092	21,072,092
	21,072,092	21,072,092
<u>NOTE - 11</u> <u>OTHER INCOME</u>	31st March 2017 (Rs.)	31st March 2016 (Rs.)
Sundry Balance Written Off (Refer Note No. 17)	-	86,673,126
<b>TOTAL (RS)</b>	<b>-</b>	<b>86,673,126</b>



UTTARAKHAND AUTOMOTIVES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

<u>NOTE - 12</u> <u>FINANCIAL COSTS :</u>	<u>31st March 2017</u> <u>(Rs.)</u>	<u>31st March 2016</u> <u>(Rs.)</u>
Bank Charges	-	-
<b>TOTAL (RS)</b>	<b>-</b>	<b>-</b>
<u>NOTE - 13</u> <u>OTHER EXPENSES :</u>	<u>31st March 2017</u> <u>(Rs.)</u>	<u>31st March 2016</u> <u>(Rs.)</u>
Fees & Taxes	-	40
Interest on TDS / Income Tax	-	344,270
Legal & Professional Charges	16,601	5,645
ROC Filing Fees	3,600	5,800
Maintenance Charges	-	-
Payment to Auditors :		
As auditor:		
- Audit Fee	23,000	22,900
In Other capacity:		
- Taxation Matters	-	5,725
<b>TOTAL (RS)</b>	<b>43,201</b>	<b>384,380</b>



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

**Note 14: Merger of the company**

The Board of Directors of the Company at their meeting held on February 5, 2016 have approved the scheme of arrangement providing for merger of the Company with its holding company, Rico Auto Industries Limited with the appointed date of 1st April, 2015. The petition of the Company at present is pending with the National Company Law Tribunal, Chandigarh Bench.

**Note - 15: Earning per share (EPS)**

Earning per share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:

<b>Particulars</b>		<b>As on 31.03.2017</b>	<b>As on 31.03.2016</b>
Net Profit as per Statement of Profit & Loss (Rs.)	A	(43201)	86,288,746
Weighted Average Number of Equity Shares outstanding during the year.[Nos]	B	(43201)	410000
Number of shares – Diluted		410000	410000
Basic Earning Per share (Rs.)	(A\B)	(0.11)	210.46
Diluted Earning Per share (Rs.)	(A\C)	(0.11)	210.46

**Note- 16: Retirement Benefits**

Company has not made provision for EPF, ESI and Gratuity and Leave Encashment, as same is not applicable in the absence of any employee.

**Note - 17: Related party disclosures**

**1) Related parties where control exists**

<b>Name of Party</b>	<b>Relationship</b>
<b>a. Rico Auto Industries Ltd</b>	<b>Holding Company</b>



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

**ii) Related parties with whom transactions have taken place during the year.**

Name of the Company	Rlco Auto Industries Ltd.	
	March 31, 2017	March 31, 2016
Loan Taken (During the year)	-	37,55,000
Sale of Land	-	4,59,77,187
Walver of Loan Payable.	-	8,66,73,126
Walver of Interest Payable	-	NIL
Balance Payable	37,55,000	37,55,000

**Note - 18: Disclosure of Specified Bank Notes**

The company was not holding or dealing in Specified bank notes during the period 8th November 2016 to 30th December 2016, hence the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company.

Note - 19: Contingent Liabilities	March 31, 2017	March 31, 2016
Contingent liabilities not provided for	Rs.	Rs.
i) Estimated amount of contracts remaining To be executed on capital account and provided For (net of Advances)	NIL	NIL
ii) Demand against the company acknowledged as liability i.e. Income tax ,sales tax etc.	NIL	NIL

Note - 20: expenditure in foreign Currency	March 31, 2017	March 31, 2016
	Rs.	Rs.
Travel expenses	NIL	NIL



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

**Note-21: Details of Disclosure of Specified Bank Notes**


The company was not holding or dealing in Specified bank notes during the period 8th November 2016 to 30th December 2016, hence the disclosure requirement as envisaged in Notification requirement G.S.R 308(E) dated 30th March 2017 is not applicable to the Company.

**Note -22: Previous year figures**

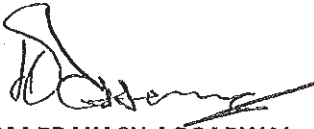
Previous year figures have been regrouped and re-classified wherever necessary.

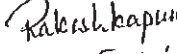
As per our report of even date  
For BUDHRAJA ADLAKHA & CO.  
CHARTERED ACCOUNTANTS  
Firm registration no.: 005154N

For and on behalf of Board of Directors of  
Uttarakhand Automotives Limited

  
NALIN KUMAR BUDHRAJA  
(Partner)  
Membership No. 084310



  
OM PRAKASH AGGARWAL  
(DIRECTOR)  
DIN-01537211

  
RAKESH KAPUR  
(DIRECTOR)  
DIN-00100359

Place: Gurgaon

Date: 25th May 2017

# **RICO AUTO INDUSTRIES INC., USA**

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## **Board of Directors**

Shri Arvind Kapur  
Shri Rakesh Kapur  
Shri Om Prakash Aggarwal  
Shri Naresh Kumar Sethi

## **Auditors**

Grant Thornton India LLP  
(Formerly Grant Thornton India)  
New Delhi (India)

## **Registered Office**

6338, Sashabaw Road  
Clarkstone, MI 48346  
USA

Financial Statements and Report of Independent Auditors

Rico Auto Industries, Inc.

Year ended March 31, 2017 and 2016

## Contents

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Statement of Changes in Equity	7
Statement of Cash Flows	8
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## **REPORT OF INDEPENDENT AUDITORS'**

Board of Directors  
**Rico Auto Industries, Inc.**

We have audited the accompanying financial statements of Rico Auto Industries, Inc. (a Delaware Corporation) (the 'Company'), which comprise the balance sheets as of March 31, 2017 and 2016, and the related statement of comprehensive income, changes in stockholders' equity, cash flows for the years then ended and the related notes to the financial statements.

### **Management's responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rico Auto Industries, Inc. as of March 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

New Delhi, India  
May 24, 2017

## **NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. Organization and nature of operations**

Rico Auto Industries, Inc. (“the Company”) was incorporated under the laws of state of Delaware, United States of America. The Company is a wholly owned subsidiary of Rico Auto Industries, Limited, an Indian public limited company. The Company has commenced business operations from January 2002 and is engaged in the business of marketing and selling auto components manufactured by Rico Auto Industries Limited.

### **2. Summary of significant accounting policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **2.1 Overall considerations**

The accompanying financial statement have been prepared under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) to reflect the financial position, results of operations, statement of changes in stockholders’ equity and cash flows of the Company.

#### **2.2 Use of estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. There are no significant estimates and assumptions are made by the company in preparing these financial statements. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

#### **2.3 Cash and cash equivalents**

The Company considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents. Cash consist of cash in current accounts maintained with banks.

#### **2.4 Inventories**

Inventories consist of finished goods, goods in transit, packaging materials and components, and are stated at the lower of cost or market value. The cost is determined using first-in-first-out method and includes purchase price and attributable direct costs, less trade discounts and provisions.

**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
March 31, 2017 and 2016

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**NOTE A (Continued)**

**2.5 Revenue Recognition**

Revenue from sales of auto components is recognized when the significant risks and rewards in respect of ownership of products are transferred to the customer at the time of receipt of products by the customer and when the following criteria are met:

- Delivery has occurred
- Persuasive evidence of an arrangement exists;
- The price to the buyer is fixed and determinable; and
- Collectability of the sales price is reasonably assured.

Provisions for sales discounts and other rebates and damaged product returns are established as a reduction of product sales revenues.

**2.6 Cost of revenues**

The Company's cost of revenues, primarily consist of the cost of purchase of auto components and other direct material costs.

**2.7 Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight line basis, over the lease term, as per ASC 840 "Leases".

**2.8 Income taxes**

The provision for current income tax expense is estimated in accordance with the relevant regulations applicable to the Company. The Company accounts for deferred income taxes under the full liability method, in accordance with the provisions of ASC 740 "Income Taxes". Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted tax rates for respective tax jurisdictions as on the date of the financial statements. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period of change. Based on management's judgment, the measurement of deferred income tax assets is reduced, if necessary, by a valuation allowance for any tax benefits where it is more likely than not, that some portion or all of such benefits will not be realized.

**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
March 31, 2017 and 2016

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**NOTE A (Continued)**

**2.9 Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line method over the estimated useful life of the respective assets.

**2.10 Provisions and Contingencies**

**Provisions**

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognized for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are not discounted unless the timing of the related cash flows is fixed or reliably determinable. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**Contingent liabilities**

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or where the amount of the obligation cannot be determined reliably, no liability is recognized.

**Contingent assets**

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

**2.11 Employee compensation**

**Short term employee benefits**

Short term employee benefits mainly comprise of employee costs such as salaries, bonuses, and other allowances.

**Post-employment benefits**

The Company does not provide any post-employment benefits..

**2.12 Reclassifications**

Certain reclassifications have been made to the financial information of the comparative period to conform to the classification and presentation of the current period. These reclassifications had no effect on reported earnings.

RICO AUTO INDUSTRIES, INC.  
NOTES TO FINANCIAL STATEMENT  
March 31, 2017 and 2016

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**NOTE B - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	As at March 31, 2017	As at March 31, 2016
Balances with banks in current accounts	\$44,256	\$65,907
<b>Total</b>	<u>\$44,256</u>	<u>\$65,907</u>

**NOTE C - INVENTORIES**

Inventories comprise of the following:

	As at March 31, 2017	As at March 31, 2016
Finished goods in transit	\$2,429,440	\$3,097,618
Finished goods - imported	\$2,953,343	\$2,267,403
Less: Provision made in inventory	-	-
<b>Total</b>	<u>\$5,382,783</u>	<u>\$5,365,021</u>

**NOTE D - ACCOUNTS RECEIVABLE**

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and the allowance for doubtful accounts. The Company charges-off uncollectible receivables when the likelihood of collection is remote. Generally, the Company considers receivables past due 30 days subsequent to the billing date; however, the Company may extend credit terms up to 60 days. The Company performs ongoing credit evaluations of its customers, and generally extends credit without requiring collateral. Credit is extended based on prior experience with a customer and evaluation of customer's financial condition. The Company maintains an allowance for doubtful accounts based on management's expectations of future losses, which is determined based on historical experience and current economic environment. Losses have historically been within management's expectations. Accounts receivables are charged to bad debt expense when they are deemed uncollectible based upon management's periodic review of the accounts.

The analysis of accounts receivable is as follows:

	As at March 31, 2017	As at March 31, 2016
Accounts receivables	\$4,232,409	\$5,087,879
Less: Provisions for uncollectibles	-	-
<b>Balance at the end</b>	<u>\$4,232,409</u>	<u>\$5,087,879</u>

**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
 March 31, 2017 and 2016

**NOTE E – OTHER ASSETS**

Other assets comprise of the following:

	As at March 31, 2017	As at March 31, 2016
Prepaid income taxes	\$173,400	\$147,504
Prepaid expenses	\$8,161	\$2,136
Advance to related party	-	-
	<u>\$181,561</u>	<u>\$149,640</u>
Other current assets	\$8,161	\$2,136
Other noncurrent assets	\$173,400	\$147,504

**NOTE F – PROPERTY AND EQUIPMENT, NET**

Property and equipment comprises of the following:

	As at March 31, 2017	As at March 31, 2016
<b>Computer</b>		
Gross block	\$2,449	\$2,449
Less: Accumulated Depreciation	(\$2,259)	(\$2,195)
Total	<u>\$190</u>	<u>\$254</u>
Depreciation charged during the year	\$64	\$85

**NOTE G – ACCRUED EXPENSES AND OTHER LIABILITIES**

Other liabilities comprise of the following:

	As at March 31, 2017	As at March 31, 2016
Advance from customers	\$290,000	\$758,525
Other expenses payable	\$17,338	\$12,000
Total	<u>\$307,338</u>	<u>\$770,525</u>
<b>Current</b>	\$307,338	\$770,525
<b>Non-current</b>		

**NOTE H – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash equivalents, other assets and accrued expenses and liabilities because of the short-term maturities approximate their fair value.

**NOTE I – FINANCIALS INSTRUMENTS AND CONCENTRATION OF RISK**

**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
 March 31, 2017 and 2016

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivables. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. Two Customers account for more than 80% of the total revenues and 75% of the total receivables of the Company. *(Previous year 77% and 82% respectively).*

Significant portion of the purchases made by the Company for the year ended March 31, 2017 and 2016 were from Rico Auto Industries, Limited, which accounted for 100% of the accounts payable.

**NOTE J – INCOME TAXES**

Income taxes comprise of the following:

	<b>For March 31, 2017</b>	<b>For March 31, 2016</b>
<b>Income tax expense</b>		
Federal tax	\$122,758	\$164,152
State tax	\$23,046	\$29,098
Excess provision of previous year	(\$8,033)	
<b>Deferred income tax expense</b>		
Current year (Refer Note J.1)	\$2,458	\$8,662
<b>Total tax expense</b>	<b>\$140,229</b>	<b>\$201,912</b>

The reported amount of income tax expense recognized in the Statement of comprehensive income does not differ from the amount that would result from applying the domestic federal statutory rates to pre-tax income from operations. There are no unrecognized tax positions as of March 31, 2017 and March 31, 2016.

**Note J.1 Deferred Tax**

Deferred income taxes result from significant temporary differences between income from financial reporting purposes and taxable income. Deferred income tax components as March 31, 2017 are as follows:

	<b>For March 31, 2017</b>	<b>For March 31, 2016</b>
<b>Deferred tax liability</b>		
Capitalization of certain expenses in inventory cost	\$11,120	\$8,662
	<b>\$11,120</b>	<b>\$8,662</b>

**NOTE K – STOCKHOLDERS' EQUITY**

**Voting**

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.



RICO AUTO INDUSTRIES, INC.  
NOTES TO FINANCIAL STATEMENT  
March 31, 2017 and 2016

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**Liquidation**

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the stockholders.

**NOTE L – CONTINGENT LIABILITIES**

The Company is subject to legal proceedings and claims, which may arise in the ordinary course of business. In the opinion of the management, these actions are not expected to have a material effect on the results of operations of the financial position of the Company.

**NOTE M - RELATED PARTY TRANSACTIONS**

**A. Name and nature of related parties**

<b>Name of related party</b>	<b>Nature of relationship</b>
Rico Auto Industries Limited	Holding Company

**B. The following is a summary of related party transactions during the year:**

**I. Purchase of auto components**

Rico Auto Industries Limited <i>(Including finished goods in transit)</i>	\$22,383,838 <i>(Previous year \$21,447,901)</i>
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**II. Balances outstanding at year end:**

**Accounts payable**

Rico Auto Industries Limited <i>(including goods in transit)</i>	\$6,029,195 <i>(Previous year \$6,578,274)</i>
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**Advances Given**

Rico Auto Industries Limited	\$NIL <i>(Previous year \$NIL)</i>
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**NOTE N – EMPLOYEE BENEFITS**

Employees of Rico Auto Industries, Inc. receive benefits under social security schemes, which is a defined contribution plan based on specified percentage of employee's salary. The amount contributed \$9,860 and \$10,004 to various social security schemes that have been recognized as an expense in the Statement of comprehensive income for the year ended March 31, 2017 and 2016 respectively.

Also, the expense have been grouped with selling expense on the basis of function amounting to \$124,860 (previous year \$125,004).

**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
March 31, 2017 and 2016

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**NOTE O – AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the year ended March 31, 2017 were approved by the Board of directors on May 25, 2017.

**NOTE P – SUBSEQUENT EVENTS**

The Company has evaluated all events subsequent to the balance sheet date of March 31, 2017, through May 25, 2017, which is the date these financial statements were issued, and have determined that there are no subsequent events that require disclosure under FASB ASC 855, '*Subsequent Events*'.

For and on behalf of Board of Directors

Director

RICO Auto Industries, Inc.  
Financial Statements for the year ended March 31, 2017

Balance Sheet

	Note	As at March 31,	
		2017	2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	B	\$44,256	\$65,907
Inventories	C	\$5,382,783	\$5,365,021
Accounts receivable, net	D	\$4,232,409	\$5,087,879
Other current assets	E	\$8,161	\$2,136
<b>Total current assets</b>		<b>\$9,667,609</b>	<b>\$10,520,943</b>
<b>Non current assets</b>			
Property and equipment, net	F	\$190	\$254
Other non current assets	E	\$173,400	\$147,504
<b>Total Non current assets</b>		<b>\$173,590</b>	<b>\$147,758</b>
<b>Total assets</b>		<b>\$9,841,199</b>	<b>\$10,668,701</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		\$6,085,365	\$6,652,540
Accrued expenses and other liabilities	G	\$307,338	\$770,525
Income taxes payable		\$156,925	\$190,264
<b>Total current liabilities</b>		<b>\$6,549,628</b>	<b>\$7,613,329</b>
<b>Total liabilities</b>		<b>\$6,549,628</b>	<b>\$7,613,329</b>
<b>Stockholder's equity</b>			
Common stock (\$10 par value, 2,500 authorised shares; 2,500 issued and outstanding shares as of March 31, 2017 and March 31, 2016)		\$25,000	\$25,000
Retained earnings		\$3,266,571	\$3,030,372
<b>Total shareholder's equity</b>		<b>\$3,291,571</b>	<b>\$3,055,372</b>
<b>Total Liabilities and Stockholder's equity</b>		<b>\$9,841,199</b>	<b>\$10,668,701</b>

*The accompanying notes are an integral part of these financial statements.*

**RICO Auto Industries, Inc.**

**Financial Statements for the year ended March 31, 2017**

**Statement of comprehensive income**

	Year ended March 31,	
	2017	2016
<b>Revenue:</b>		
Sale of traded goods	\$22,049,931	\$21,063,851
Tooling sales	\$620,090	\$1,130,484
Scrap sales	\$6,545	\$0
<b>Total Revenue</b>	<b>\$22,676,566</b>	<b>\$22,194,335</b>
<b>Expenses</b>		
Cost of goods sold	\$22,076,130	\$21,479,757
Selling expenses	\$128,793	\$135,077
General and administrative Expenses	89,105	\$98,158
<b>Total Expenses</b>	<b>\$22,294,028</b>	<b>\$21,712,992</b>
<b>Operating Income</b>	<b>\$382,538</b>	<b>\$481,343</b>
Other Income	-	-
Finance charges (net of other income)	\$6,110	\$3,720
<b>Income before tax</b>	<b>\$376,428</b>	<b>\$477,623</b>
Tax expense (See Note J)	\$140,229	\$201,912
<b>Net income</b>	<b>\$236,199</b>	<b>\$275,711</b>
<b>Total comprehensive income for the year</b>	<b>\$236,199</b>	<b>\$275,711</b>

*The accompanying notes are an integral part of these financial statements.*

Rico Auto Industries, Inc.  
 Financial Statements for the year ended March 31, 2016

Statements of Cash Flows

	Year ended March 31,	
	2017	2016
<b>Cash Flows From Operating Activities:</b>		
Net income	\$236,199	\$275,711
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	\$64	\$85
Finance cost	\$6,110	\$3,720
Provision for doubtful debts	-	\$2,267
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	\$855,470	(\$2,034,602)
Inventories	(\$17,763)	(\$1,270,475)
Other assets - current and non-current	(\$31,921)	\$1,983,952
Trade payables	(\$567,175)	\$619,589
Accrued expenses and other liabilities	(\$463,188)	\$373,352
Income taxes payable	(\$33,339)	\$86,424
<b>Net cash generated from/(used in) operating activities</b>	<b>(\$15,542)</b>	<b>\$40,024</b>
<b>Cash Flow From Investing Activities</b>	-	-
<b>Net cash flow from investing activities</b>	-	-
<b>Cash Flow From Financing Activities</b>	-	-
Finance cost	(\$6,110)	(\$3,720)
<b>Net cash provided by financing activities</b>	<b>(\$6,110)</b>	<b>(\$3,720)</b>
<b>Net increase/(decrease) in cash and bank balances</b>	<b>(\$21,652)</b>	<b>\$36,304</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>\$65,907</b>	<b>\$29,603</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$44,256</b>	<b>\$65,907</b>
<b>Supplemental Disclosure Of Cash Flow Information:</b>		
Cash paid for taxes	\$173,400	\$147,504

Rico Auto Industries, Inc.  
Financial Statements for the year ended March 31, 2017

Statement of changes in Stockholder's Equity

	Common stock		Retained earning	Total stockholder's equity
	Number of Shares	Amount		
Balance as at March 31, 2016	2,500	\$25,000	\$2,754,661	\$2,779,661
Net Comprehensive Income for the year	-	-	\$275,711	\$275,711
Balance as at April 1, 2016	2,500	\$25,000	\$3,030,372	\$3,055,372
Net Comprehensive Income for the year	-	-	\$236,199	\$236,199
Balance as at March 31, 2017	2,500	\$25,000	\$3,266,571	\$3,291,571

*The accompanying notes are an integral part of these financial statements.*

Rico Auto Industries Inc., USA

Schedules to Balance Sheet

Particulars	As at March 31, 2017 - US\$	As at Mar 31, 2016 - US\$
<b>Schedule 1 - Share Capital</b>		
<b>AUTHORISED</b>		
2500 Equity Shares US\$ 10 Par	25000	25000
<b>ISSUED , SUBSCRIBED AND PAID-UP</b>		
2500 Equity Shares US\$ 10 Par	25000	25000
(Previous Period 2500 Equity Shares US\$ 10 Par)		
Exchange Fluctuation	25000	25000
<b>Schedule 2 - Reserves &amp; Schedules</b>		
<b>SURPLUS</b>		
As per Last Balance Sheet	3,030,373	2,754,662
Add : Transferred from Profit & Loss Account	236,199	275,711
	<b>3,266,572</b>	<b>3,030,373</b>
<b>Schedule 3- Fixed Assets</b>		
Less : Accumulated Depreciation	2,449	2,449
	2,259	2,195
	<b>190</b>	<b>254</b>
<b>Schedule 4- Inventories</b>		
(As valued and certified by the Management)		
Goods in Transit	2,429,440	3,097,618
Finished Goods	2,953,343	2,267,405
Less : Provision made in Inventory		
	<b>5,382,783</b>	<b>5,365,023</b>
<b>Schedule 5 - Sundry Debtors</b>		
(Unsecured considered good)		
Debts outstanding for a period exceeding six months		
Other Debts	4,232,409	5,087,879
Less : Provision for Uncollectibles		
	<b>4,232,409</b>	<b>5,087,879</b>
<b>Schedule 6 - Cash and bank Balances</b>		
Balances with scheduled banks		
In current accounts	44,256	65,907
	<b>44,256</b>	<b>65,907</b>
<b>Schedule 7 - Other Current Assets</b>		
(Unsecured considered good)		
Prepaid	8,161	2,136
Income Tax Recoverable FY2012-13	-	-
Advances to Suppliers	-	-
	<b>8,161</b>	<b>2,136</b>
<b>Schedule 8 - Current Liabilities and Provisions</b>		
Accounts payable	6,085,365	6,652,540
Accrued expenses and other liabilities		
Advances from Customers	290,000	758,525
Expenses Payable	17,338	12,000
	<b>307,338</b>	<b>770,525</b>
Current Tax Liability	-	11,648
	<b>6,392,703</b>	<b>7,434,713</b>
<b>Schedule - 9 Other Non Current Assets</b>		
Advance Tax	173,400	147,504

Rico Auto Industries Inc.,USA

Schedules to Profit & Loss Account

Particulars	Period Ended Mar 31, 2017 - US\$	Period Ended Mar 31, 2016 - US\$
<b>Revenue</b>		
Sales - Components	22,049,930.71	21,063,851
Sales - Tooling	620,090	1,130,484
Sales - Scrap sales	6,545	-
	<b>22,676,566</b>	<b>22,194,335</b>
<b>Cost of Sales</b>		
Purchases of Raw Materials	21,791,649	20,384,220
Add : Opening Finished Goods	2,267,405	1,983,684
Less : Closing Finished Goods	2,899,194	2,267,405
Net Raw Materials consumed	21,159,860	20,100,499
Components (USA)	-	-
Purchase Tooling ( Rico India )	592,187	1,063,681
Balance Written Off		
Job Work Charges	67,594	50,661
Consumables	256	3,561
Packing Materials		
Warehousing Expenses	256,233	261,354
Total	<b>22,076,130</b>	<b>21,479,756</b>
<b>Administrative Expenses</b>		
Salaries (Tom, Rebacca & Jeff)	124,860	125,004
Audit Fees	4,681	11,500
Legal & Professional	42,278	40,434
Fees & Taxes	1,035	1,545
Rent	11,850	12,000
Bond service & premium	550	-
Insurance (Warehouse & Worker Policy)	6,449	2,898
Discount Allowed	(2,414)	(3,001)
Administration Expenses	14,035	12,000
	<b>203,324</b>	<b>202,380</b>
<b>Genral Expenses</b>		
Telephone Expenses	7,132	7,904
Postage & Courier	439	1,014
Printing & Stationary	-	58
Travelling Expenses	2,954	11,685
General Expenses + Short & Excess	57	35
	<b>10,582</b>	<b>20,696</b>
Depreciation Expense	64	85
Income Tax paid	-	11,648
<b>Selling Expenses</b>		
Sales Promotion	3,373	4,805
Freight Charges	560	3,000
Prior Period Exp		
Provi. For Uncollectible D/D	-	2,267
Clearing & Forwarding	-	-
	<b>3,933</b>	<b>10,072</b>
<b>Finance Charges</b>		
Bank Interest - JPMorgan	1,625	1,857
Bank Charges	4,485	1,863
	<b>6,110</b>	<b>3,720</b>



Rico Auto Industries Inc., USA

Trial Balance as on 31/03/2017

Particulars	Schedule No.	@ 66.97		@ 61.05	
		Period Ended Mar 31, 2017 - US\$	Period Ended Mar 31, 2017 - INR	Period Ended Mar 31, 2016 - US\$	Period Ended Mar 31, 2016 - INR
		Audited	Audited	Audited	Audited
<b>INCOME</b>					
Sales - Components	12	22049931	1476787494	21063851	1375960244
Sales - Scrap					
Sales - Tooling		626635	41968715	5975051	73846945
		<b>22676566</b>	<b>1518756209</b>	<b>27038902</b>	<b>1449807190</b>
<b>EXPENDITURE</b>					
Manufacturing & Other Expenses	13	22293962	1493131426	21724556	1419119710
Financial Charges	14	6109	409154	3720	242991
Miscellaneous Expenditure written off		0	0	0	0
		<b>22300071</b>	<b>1493540581</b>	<b>21728276</b>	<b>1419362700</b>
Profit before Depreciation		376495	25215628	466059	30444489
Depreciation		64	4286	85	5552
Profit After Depreciation		376431	25211342	465974	30438937
		1.66%	1.66%	1.72%	2.10%
Provision for Income Tax		140229	9391795	190264	12428672
Reversal of Deffered Tax Assets		0	0	0	0
Profit After Tax		236202	15819547	275710	18010265
Less : Previous Year Income tax paid		0	0	0	0
Amount Available for Appropriations		236202	15819547	275710	18010265
	%	1.04%	1.04%	1.02%	1.24%
<b>APPROPRIATIONS</b>					
Balance carried over to Balance Sheet		236202	15819547	275710	18010265
		<b>236202</b>	<b>15819547</b>	<b>174918</b>	<b>10702031</b>

Rico Auto Industries Inc., USA								
Trial Balance as on 31/03/2017								
Particulars	@ 66.97				@ 61.048			
	Period Ended Mar 31, 2017 - US\$	Period Ended Dec 31, 2016 - INR		Period Ended Mar 31, 2016 - US\$	Period Ended Mar 31, 2016 - INR			
	Audited	Audited		Audited	Audited			
<b>Schedule 12 - Sales &amp; other Income</b>								
Sales - Components	2,20,49,931	1,47,67,87,494		2,10,63,851	1,37,59,60,244			
Sales - Tooling	6,20,090	4,15,30,342		11,30,484	7,38,46,945			
Sales - Other Income	6,545	4,38,373		-	-			
	<b>i</b>	<b>2,26,76,566</b>	<b>1,51,87,56,209</b>	<b>2,21,94,335</b>	<b>1,44,98,07,190</b>			
<b>Schedule 13 - Manufacturing &amp; Other Expenses</b>								
<b>Cost of Sales</b>								
Purchases of Raw Materials	2,18,45,795	1,46,15,87,335		2,03,84,220	1,33,17,97,018			
Add : Opening Finished Goods	22,67,403	14,68,07,070		19,83,684	13,12,06,439			
Less : Closing Finished Goods	29,53,343	19,12,19,511		22,67,403	14,99,72,364			
Net Raw Materials consumed	<b>2,11,59,854</b>	<b>1,41,71,74,894</b>	<b>95.93</b>	<b>2,01,00,502</b>	<b>1,31,30,31,093</b>	<b>95.43</b>	<b>(0.51)</b>	
Components (USA)	-	-	-	-	-	-	-	
Purchase Tooling ( Rico India )	5,92,187	3,96,61,547	95.50	10,63,681	6,94,83,153	94.09	(1.41)	
Balance Written Off	-	-	-	-	-	-	-	
Job Work Charges	67,594	45,27,099	0.31	50,661	33,09,344	0.24	(0.07)	
Consumables	256	17,156	0.00	3,561	2,32,633	0.02	0.02	
Packing Materials	-	-	-	-	-	-	-	
Warehousing Expenses	<b>b</b>	<b>1,71,61,097</b>	<b>1.16</b>	<b>2,61,354</b>	<b>1,70,72,485</b>	<b>1.24</b>	<b>0.08</b>	
		<b>2,20,76,124</b>	<b>1,47,85,41,793</b>	<b>2,14,79,758</b>	<b>1,40,31,28,708</b>			
<b>Administrative Expenses</b>								
Inspection & Rework Expenses	-	-	-	-	-	-	-	
Testing Expenses	(2,414)	(1,61,683)	(0.01)	(3,001)	(1,96,027)	(0.01)	(0.00)	
Salaries (Tom, Rebacca & Jeff )	<b>h</b>	<b>1,24,860</b>	<b>83,62,428</b>	<b>0.57</b>	<b>1,25,004</b>	<b>81,65,681</b>	<b>0.59</b>	<b>0.03</b>
Audit Fees	4,681	3,13,509	0.02	11,500	7,51,218	0.05	0.03	
Legal & Professional	<b>g</b>	<b>42,278</b>	<b>28,31,545</b>	<b>0.19</b>	<b>40,434</b>	<b>26,41,276</b>	<b>0.19</b>	<b>0.00</b>
Fees & Taxes	1,035	69,352	0.00	1,545	1,00,924	0.01	0.00	
Rent	11,850	7,93,650	0.05	12,000	7,83,880	0.06	0.00	
Insurance (Warehouse & Worker Policy)	<b>f</b>	<b>6,449</b>	<b>4,31,920</b>	<b>0.03</b>	<b>2,898</b>	<b>1,89,333</b>	<b>0.01</b>	<b>(0.02)</b>
Bond service & premium	550	36,836	0.00	-	-	-	(0.00)	
Administration Expenses	14,035	9,39,990	0.06	12,000	7,83,880	0.06	(0.01)	
		<b>2,03,324</b>	<b>1,36,17,546</b>	<b>2,02,381</b>	<b>1,32,20,165</b>			
<b>General Expenses</b>								
Travelling Expenses	2,954	1,97,846	0.01	11,685	7,63,347	0.06	0.04	
Printing & Stationary	-	-	-	58	3,772	0.00	0.00	
Telephone Expenses	7,132	4,77,658	0.03	7,904	5,16,301	0.04	0.01	
Postage & Courier	439	29,372	0.00	1,014	66,248	0.00	0.00	
General Expenses + Short & Excess	57	3,815	0.00	35	2,309	0.00	(0.00)	
		<b>10,581</b>	<b>7,08,691</b>	<b>20,696</b>	<b>13,51,976</b>			
<b>Income Tax paid</b>	-	-	-	11,648	7,60,886	0.06	0.06	
<b>Selling Expenses</b>								
Sales Promotion	3,373	2,25,876	0.02	4,805	3,13,890	0.02	0.01	
Freight Charges	-	-	-	-	-	-	-	
Freight Charges	560	37,521	0.00	3,000	1,95,970	0.01	0.01	
Clearing & Forwarding	-	-	-	-	-	-	-	
Prior Period Exp	-	-	-	-	-	-	-	
Provl. For Uncollectible D/D	-	-	-	2,267	1,48,114	0.01	0.01	
		<b>3,933</b>	<b>2,63,397</b>	<b>10,073</b>	<b>6,57,974</b>			
		<b>2,22,93,962</b>	<b>1,49,31,31,426</b>	<b>2,17,12,908</b>	<b>1,41,83,58,824</b>			
<b>Schedule 14 - Financial Charges</b>								
Bank Interest - JPMorgan	1,625	1,08,806	0.01	1,857	1,21,306	0.01	0.00	
Bank Charges	4,485	3,00,348	0.02	1,863	1,21,685	0.01	(0.01)	
		<b>6,109</b>	<b>4,09,154</b>	<b>2.49</b>	<b>68,022</b>	<b>41,52,599</b>	<b>2.68</b>	<b>0.19</b>
				<b>98.42</b>		<b>98.10</b>	<b>0.32</b>	

Rico Auto Industries Inc.,USA					
Trial Balance as on 31/03/2017					
Particulars	Schedule	@ 66.97		@ 61.048	
		As at Mar 31, 2017 - US\$	Period Ended Mar 31, 2017 - US\$	As at March 31, 2016 - US\$	As at March 31, 2016 - INR
		Audited	Audited	Audited	Audited
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Share Capital	1	25000	1216850	25000	1216850
Exchange Equilisation Reserve			15753636		20545170
Reserves & Surplus	2	3266574	196148386	5975051	180328822
Loan Funds	3	0	0	0	0
<b>TOTAL</b>		<b>3291574</b>	<b>213118871</b>	<b>6000051</b>	<b>202090841</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	4	2449	158562	2449	161980
Less : Depreciation		2259	146263	2195	145183
Net Block		190	12299	254	16797
<b>INVESTMENTS</b>	5	0	0	0	0
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	6	5382783	348517991	5365021	354857483
Sundry Debtors	7	4232409	274034955	5087879	336526590
Cash & Bank Balances	8	44256	2865424	65907	4359275
Loans & Advances	9	181561	11755494	2136	141281
		9841010	637173864	10520943	695884630
Less : Current Liabilities & Provisions	10	6549625	424067291	7465825	493810586
Net Current Assets		3291384	213106573	3055118	202074044
Deffered Tax Assets		0	0	0	0
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)	11	0	0	0	0
<b>TOTAL</b>		<b>3291574</b>	<b>213118871</b>	<b>3055372</b>	<b>202090841</b>

Rico Auto Industries Inc., USA				
Trial Balance as on 31/03/2017				
Particulars	@ 66.97		@ 61.048	
	As at Mar 31, 2017 - US\$	Period Ended Mar 31, 2017 - US\$	As at March 31, 2016 - US\$	As at March 31, 2016 - INR
	Audited	Audited	Audited	Audited
<b>Schedule 1 - Share Capital</b>				
<b>AUTHORISED</b>				
2500 Equity Shares US\$ 10 Par	25000	1182250	25000	1182250
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>				
2500 Equity Shares US\$ 10 Par	25000	1216850	5975051	1216850
(Previous Period 2500 Equity Shares US\$ 10 Par)				
Exchange Fluctuation	25000	1216850	5975051	1216850
<b>Schedule 2 - Reserves &amp; Schedules</b>				
<b>SURPLUS</b>				
As per Last Balance Sheet	3030372	180328839	2754662	162318557
Add : Transferred from Profit & Loss Account	236202	15819547	275710	18010265
	3266574	196148386	3030372	180328822
<b>Schedule 3- Loan Funds</b>				
	0	0.00	0	0
	0	0	0	0
<b>Schedule 4- Fixed Assets</b>				
	2449	158562	2449	161980
	2449	158562	2449	149503
<b>Schedule 5- Investments</b>				
	0	0	0	0
	0	0	0	0
<b>Schedule 6- Inventories</b> (As valued and certified by the Management)				
Goods In Transit	2429440	157298480	3097618	204885119
Finished Goods	2953343	191219511	2267403	149972364
Packing Materials	0	0	0	0
	5382783	348517991	5365021	354857483
<b>Schedule 7 - Sundry Debtors</b> (Unsecured considered good)				
Debits outstanding for a period exceeding six months		0		0
Other Debts	d 4232409	274034955	5087879	336526590
Less : Provision for Uncollectibles	0	0	0	0
	4232409	274034955	5087879	336526590
<b>Schedule 8 - Cash and bank Balances</b>				
Balances with scheduled banks				
In current accounts	44256	2865424	65907	4359275
	44256	2865424	65907	4359275
<b>Schedule 9 - Loans and Advances</b> (Unsecured considered good)				
Advances recoverable in cash or in kind or for value to be received	e 8161	528398.63	2136	141281
Income Tax Recoverable FY2012-13	j 0	0	0	0
Advance Tax FY2015-16	173400	11227095	0	0
	181561	11755494	2136	141281
<b>Schedule 10 - Current Liabilities and Provisions</b>				
Sundry Creditors - Trade	c 6085365	394007903	6652540	440017613
Advance from Customer	0	0	758525	50170993
Expenses Payable	a 307336	19898997	12000	793714
Deferred Tax Liability	11120	719984		
Income Tax Provision- for the year till date	145805	9440407	42760	2828266
	6549625	424067291	7465825	493810586
<b>Schedule 11 - Miscellaneous Expenditure</b> (to the extent not written off or adjusted)				
	0	0	0	0
	0	0	0	0

# **RICO AUTO INDUSTRIES (UK) LIMITED**

## **Board of Directors**

Shri Arvind Kapur  
Shri Om Prakash Aggarwal  
Shri Naresh Kumar Sethi

## **Auditors**

Sigma  
Chartered Certified Accountants and Registered Auditors  
Crawley, UK

## **Registered Office**

Unit 1, Lewis House,  
99 Victoria Road,  
London - NW106DJ

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017  
FOR  
RICO AUTO INDUSTRIES (UK) LIMITED**

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**RICO AUTO INDUSTRIES (UK) LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2017**

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<b>DIRECTORS:</b>	Arvind Kapur OM Prakash Aggarwal Shri Naresh Kumar Sethi
<b>REGISTERED OFFICE:</b>	Unit 1, Lewis House 99 Victoria Road London NW10 6DJ
<b>REGISTERED NUMBER:</b>	04975219 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Muhammad Imran Ashraf
<b>AUDITORS:</b>	Sigma Chartered Certified Accountants and Registered Auditors Kelvin House Kelvin Way Crawley RH10 9WE
<b>BANKERS:</b>	Barclays Bank Plc London Corporate Banking 99, Hatton Garden London EC IN 8DN, United Kingdom



**RICO AUTO INDUSTRIES (UK) LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their strategic report for the year ended 31 March 2017.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the company in the year under review was that of sale and distribution of auto components manufactured by its parent company, Rico Auto Industries Limited, and to provide support services including customer management and logistic services.

The company's financial and other performance indicators during the year were turnover, operating profit and shareholders' funds.

Turnover has increased by 29% from Rs. 406.4m to Rs. 522.5m. Operating profit has increased by 7% from Rs. m 3.6m to Rs. 3.9m. Shareholders' funds have decreased by 11% from Rs. 57.4m to Rs. 51.3m.

The directors intend to promote the principal activities and continue to seek growth through enhanced procedures and improved products.

**PRINCIPAL RISKS AND UNCERTAINTIES**

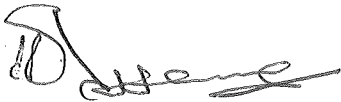
From time to time, the risks faced by the company are considered. The principal risks and uncertainties faced by the company is that relating to foreign currency exposure.

**CURRENCY RISK**

Almost all of the products sold are purchased in a foreign currency. As such the profitability of the company can be affected by movements in exchange rates, however majority of sales are also made in same foreign currency as that of purchase.

The company manages liquidity and credit risk by focussing on cash generation of its operations and applying cash collection targets.

**ON BEHALF OF THE BOARD:**



.....  
OM Prakash Aggarwal - Director

Date: .....



**RICO AUTO INDUSTRIES (UK) LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their report with the financial statements of the company for the year ended 31 March 2017.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2017.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

Arvind Kapur  
OM Prakash Aggarwal  
Shri Naresh Kumar Sethi

**CURRENCY**

The transactions are carried out in Pound Sterling, Euro and US Dollar (USD) but accounts are presented in Indian Rupees due to the fact that the group accounts are prepared in Indian currency.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**RICO AUTO INDUSTRIES (UK) LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**AUDITORS**

The auditors, Sigma, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

.....  
OM Prakash Aggarwal - Director

Date: .....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
RICO AUTO INDUSTRIES (UK) LIMITED**

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We have audited the financial statements of Rico Auto Industries (UK) Limited for the year ended 31 March 2017 on pages seven to seventeen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
RICO AUTO INDUSTRIES (UK) LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Muhammad Imran Ashraf (Senior Statutory Auditor)  
for and on behalf of Sigma  
Chartered Certified Accountants and  
Registered Auditors  
Kelvin House  
Kelvin Way  
Crawley  
RH10 9WE

Date: .....

**RICO AUTO INDUSTRIES (UK) LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

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	Notes	2017 Rs.	2016 Rs.
<b>TURNOVER</b>	3	522,493,599	406,435,091
Cost of sales		<u>(495,247,051)</u>	<u>(384,599,886)</u>
<b>GROSS PROFIT</b>		27,246,548	21,835,205
Administrative expenses		<u>(23,838,354)</u>	<u>(20,960,311)</u>
		3,408,194	874,894
Other operating income		<u>462,652</u>	<u>2,731,047</u>
<b>OPERATING PROFIT</b>	5	3,870,846	3,605,941
Interest payable and similar expenses	6	<u>(3,327)</u>	<u>-</u>
<b>PROFIT BEFORE TAXATION</b>		3,867,519	3,605,941
Tax on profit	7	<u>(776,672)</u>	<u>(677,101)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>3,090,847</u>	<u>2,928,840</u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

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	Notes	2017 Rs.	2016 Rs.
<b>PROFIT FOR THE YEAR</b>		<b>3,090,847</b>	<b>2,928,840</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange equalisation reserve		(9,185,166)	2,148,622
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b><u>(9,185,166)</u></b>	<b><u>2,148,622</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>(6,094,319)</u></b>	<b><u>5,077,462</u></b>


The notes form part of these financial statements

RICO AUTO INDUSTRIES (UK) LIMITED (REGISTERED NUMBER: 04975219)

BALANCE SHEET  
31 MARCH 2017

	Notes	2017 Rs.	2016 Rs.
<b>FIXED ASSETS</b>			
Tangible assets	8	18,793	39,418
<b>CURRENT ASSETS</b>			
Stocks	9	147,299,467	90,906,452
Debtors	10	102,300,928	68,146,725
Cash in hand		<u>10,297,796</u>	<u>4,319,597</u>
		259,898,191	163,372,774
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(208,606,701)</u>	<u>(106,007,590)</u>
<b>NET CURRENT ASSETS</b>		<u>51,291,490</u>	<u>57,365,184</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>51,310,283</u>	<u>57,404,602</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	1,628,400	1,628,400
Exchange equalisation reserve	14	(98,611)	9,086,555
Retained earnings	14	<u>49,780,494</u>	<u>46,689,647</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>51,310,283</u>	<u>57,404,602</u>

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:

  
.....  
OM Prakash Aggarwal - Director



The notes form part of these financial statements



RICO AUTO INDUSTRIES (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017

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	Called up share capital Rs.	Retained earnings Rs.	Exchange equalisation reserve Rs.	Total equity Rs.
<b>Balance at 1 April 2015</b>	1,628,400	43,760,807	6,937,933	52,327,140
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>2,928,840</u>	<u>2,148,622</u>	<u>5,077,462</u>
<b>Balance at 31 March 2016</b>	<u>1,628,400</u>	<u>46,689,647</u>	<u>9,086,555</u>	<u>57,404,602</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>3,090,847</u>	<u>(9,185,166)</u>	<u>(6,094,319)</u>
<b>Balance at 31 March 2017</b>	<u>1,628,400</u>	<u>49,780,494</u>	<u>(98,611)</u>	<u>51,310,283</u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 Rs.	2016 Rs.
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(71,455,927)	(64,537,481)
Interest paid		(3,327)	-
Tax paid		<u>(677,101)</u>	<u>(616,410)</u>
Net cash from operating activities		<u>(72,136,355)</u>	<u>(65,153,891)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<u>-</u>	<u>(45,410)</u>
Net cash from investing activities		<u>-</u>	<u>(45,410)</u>
<b>Cash flows from financing activities</b>			
Amounts received from group undertakings		<u>87,294,939</u>	<u>64,463,816</u>
Net cash from financing activities		<u>87,294,939</u>	<u>64,463,816</u>
<b>Increase/(decrease) in cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of year</b>	2	4,319,597	2,912,302
Effect of foreign exchange rate changes		<u>(9,180,385)</u>	<u>2,142,780</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>10,297,796</u></u>	<u><u>4,319,597</u></u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	Rs.	Rs.
Profit before taxation	3,867,519	3,605,941
Depreciation charges	15,845	18,507
Finance costs	<u>3,327</u>	<u>-</u>
	3,886,691	3,624,448
Increase in stocks	(56,393,015)	(42,585,357)
Increase in trade and other debtors	(34,154,203)	(27,620,943)
Increase in trade and other creditors	<u>15,204,600</u>	<u>2,044,371</u>
<b>Cash generated from operations</b>	<b><u>(71,455,927)</u></b>	<b><u>(64,537,481)</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2017**

	31/3/17	1/4/16
	Rs.	Rs.
Cash and cash equivalents	<u>10,297,796</u>	<u>4,319,597</u>

**Year ended 31 March 2016**

	31/3/16	1/4/15
	Rs.	Rs.
Cash and cash equivalents	<u>4,319,597</u>	<u>2,912,302</u>

The notes form part of these financial statements

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**RICO AUTO INDUSTRIES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**1. STATUTORY INFORMATION**

Rico Auto Industries (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 33% on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into Indian Rupees at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Indian Rupees at the rate of exchange prevalent at the end of the day of the period under reporting. Exchange differences in translation at year end results in Sterling to Rupees are shown under movement in reserves as Exchange equalisation reserves.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2017	2016
	Rs.	Rs.
United Kingdom	33,150,082	34,021,432
Europe	<u>489,343,517</u>	<u>372,413,659</u>
	<u>522,493,599</u>	<u>406,435,091</u>

**RICO AUTO INDUSTRIES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017**

**4. EMPLOYEES AND DIRECTORS**

	2017	2016
	Rs.	Rs.
Wages and salaries	5,829,346	6,854,273
Social security costs	<u>375,870</u>	<u>528,607</u>
	<u><u>6,205,216</u></u>	<u><u>7,382,880</u></u>

The average monthly number of employees during the year was as follows:

	2017	2016
General Administration	<u>2</u>	<u>2</u>

	2017	2016
	Rs.	Rs.
Directors' remuneration	<u>-</u>	<u>-</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2017	2016
	Rs.	Rs.
Depreciation - owned assets	14,594	17,945
Auditors' remuneration	534,869	625,100
Foreign exchange differences	<u>2,930,605</u>	<u>1,402,699</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017	2016
	Rs.	Rs.
Bank interest	<u>3,327</u>	<u>-</u>

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2017	2016
	Rs.	Rs.
Current tax:		
UK corporation tax	<u>776,672</u>	<u>677,101</u>
Tax on profit	<u><u>776,672</u></u>	<u><u>677,101</u></u>

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**7. TAXATION - continued**

**Tax effects relating to effects of other comprehensive income**

	Gross Rs.	2017 Tax Rs.	Net Rs.
Exchange equalisation reserve	<u>(9,185,166)</u>	-	<u>(9,185,166)</u>
	<u>(9,185,166)</u>	-	<u>(9,185,166)</u>
	Gross Rs.	2016 Tax Rs.	Net Rs.
Exchange equalisation reserve	<u>2,148,622</u>	-	<u>2,148,622</u>
	<u>2,148,622</u>	-	<u>2,148,622</u>

**8. TANGIBLE FIXED ASSETS**

	Fixtures and fittings Rs.	Computer equipment Rs.	Totals Rs.
<b>COST</b>			
At 1 April 2016	111,471	352,902	464,373
Exchange differences	<u>(17,057)</u>	<u>(54,002)</u>	<u>(71,059)</u>
At 31 March 2017	<u>94,414</u>	<u>298,900</u>	<u>393,314</u>
<b>DEPRECIATION</b>			
At 1 April 2016	102,540	322,415	424,955
Charge for year	1,935	12,659	14,594
Exchange differences	<u>(15,691)</u>	<u>(49,337)</u>	<u>(65,028)</u>
At 31 March 2017	<u>88,784</u>	<u>285,737</u>	<u>374,521</u>
<b>NET BOOK VALUE</b>			
At 31 March 2017	<u>5,630</u>	<u>13,163</u>	<u>18,793</u>
At 31 March 2016	<u>8,931</u>	<u>30,487</u>	<u>39,418</u>

**9. STOCKS**

	2017 Rs.	2016 Rs.
Components-Imported	76,485,632	37,425,200
Goods in transit	<u>70,813,835</u>	<u>53,481,252</u>
	<u>147,299,467</u>	<u>90,906,452</u>

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**10. DEBTORS**

	2017 Rs.	2016 Rs.
Amounts falling due within one year:		
Trade debtors	101,856,093	67,702,743
Prepayments	<u>272,908</u>	<u>240,993</u>
	<u><b>102,129,001</b></u>	<u><b>67,943,736</b></u>
Amounts falling due after more than one year:		
Other debtors	<u>171,927</u>	<u>202,989</u>
Aggregate amounts	<u><b>102,300,928</b></u>	<u><b>68,146,725</b></u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 Rs.	2016 Rs.
Trade creditors	19,660,735	4,958,606
Amounts owed to group undertakings	185,335,667	98,040,727
Corporation Tax	776,672	677,101
Social security and other taxes	222,840	354,345
VAT	104,079	126,991
Accrued expenses	<u>2,506,708</u>	<u>1,849,820</u>
	<u><b>208,606,701</b></u>	<u><b>106,007,590</b></u>

**12. LEASING AGREEMENTS**

	2017 Rs.	2016 Rs.
Minimum lease payments under non-cancellable operating leases fall due as follows:		
Between one and five years	<u>722,122</u>	<u>852,587</u>

**13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:	Number:	Class:	Nominal value:	2017 Rs.	2016 Rs.
	20,000	Ordinary shares	1,628,400	<u><b>1,628,400</b></u>	<u><b>1,628,400</b></u>

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**14. RESERVES**

	Retained earnings Rs.	Exchange equalisation reserve Rs.	Totals Rs.
At 1 April 2016	46,689,647	9,086,555	55,776,202
Profit for the year	3,090,847		3,090,847
Share Capital	-	(320,146)	(320,146)
Retained earnings	-	(8,865,020)	(8,865,020)
At 31 March 2017	<u>49,780,494</u>	<u>(98,611)</u>	<u>49,681,883</u>

**15. RELATED PARTY DISCLOSURES**

During the year the company made purchases of Indian Rs. 601,243,126 (2016: Indian Rs. 443,576,696) from Rico Auto Industries Limited.

As at the balance sheet date, the company owed Indian Rs. 185,335,667 (2016: Indian Rs. 98,040,727) to Rico Auto Industries Limited.

All transactions were at arms length.

**16. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Rico Auto Industries Limited, incorporated in India.



**RICO AUTO INDUSTRIES (UK) LIMITED**  
**TRADING AND PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	2017		2016	
	Rs.	Rs.	Rs.	Rs.
<b>Sales</b>		522,493,599		406,435,091
<b>Cost of sales</b>				
Purchases	480,406,299		371,039,403	
Warehousing expenses	<u>14,840,752</u>		<u>13,560,483</u>	
		<u>495,247,051</u>		<u>384,599,886</u>
<b>GROSS PROFIT</b>		27,246,548		21,835,205
<b>Other income</b>				
Sundry receipts		<u>462,652</u>		<u>2,731,047</u>
		27,709,200		24,566,252
<b>Expenditure</b>				
Wages and salaries	5,829,346		6,854,273	
Social security	375,870		528,607	
Telephone expenses	263,216		208,515	
Printing and stationery	55,604		100,833	
Advertisement expenses	5,896,567		5,715,869	
Travelling expenses	148,593		161,812	
Insurance	222,160		352,070	
Rent and rates	953,816		1,005,726	
Custom and duty cost	5,792,198		2,993,309	
Sundry expenses	38,263		29,458	
Legal and professional fees	434,192		518,840	
Auditors' remuneration	534,869		625,100	
Foreign exchange loss	<u>2,930,605</u>		<u>1,402,699</u>	
		<u>23,475,299</u>		<u>20,497,111</u>
		4,233,901		4,069,141
<b>Finance costs</b>				
Bank charges	347,210		444,693	
Bank interest	<u>3,327</u>		<u>-</u>	
		<u>350,537</u>		<u>444,693</u>
		3,883,364		3,624,448
<b>Depreciation</b>				
Fixtures and fittings	2,101		3,052	
Computer equipment	<u>13,744</u>		<u>15,455</u>	
		<u>15,845</u>		<u>18,507</u>
<b>NET PROFIT</b>		<u><u>3,867,519</u></u>		<u><u>3,605,941</u></u>

This page does not form part of the statutory financial statements

# **RASA AUTOCOM LIMITED**

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## **Board of Directors**

Shri Om Prakash Aggarwal - Chairman  
Shri Arun Gupta  
Ms. Sandeep Kaur Riat  
Shri Sandeep Rajpal  
Shri Rajender Dharna

## **Chief Financial Officer**

Shri Vikas Bansal

## **Company Secretary**

Shri Jagdish Chand Dwivedi

## **Auditors**

Walker Chandiok & Co LLP  
(Formerly Walker, Chandiok & Co),  
Chartered Accountants  
Firm Registration No.001076N/N500013  
New Delhi (India)

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurugram - 122 001  
Haryana (India)

## **Bawal Plant**

Plot No. 21, Sector-5  
HSIIDC Phase-II,  
G.C. Bawal - 123 504  
Haryana (India)

## **Independent Auditor's Report**

### **To the Members of Rasa Autocom Limited**

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of Rasa Autocom Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

9. 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.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- 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 March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated XX May 2017 as per Annexure B expressed unmodified opinion;
- 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 does not have any pending litigation which would impact its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. the Company, as detailed in Note 35 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

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

per **Ashish Gupta**  
Partner  
Membership No.: 504662

Place: Gurugram  
Date: 25<sup>th</sup> May, 2017

**Annexure A to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2017**

**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 fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in 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 'fixed assets') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has granted 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 has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular;
  - (c) there is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties<sup>1</sup>.
- (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.

**Annexure A to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2017**

- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- (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) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (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 accounting standards.
- (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 Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**  
Partner  
Membership No.: 504662

Place: Gurugram  
Date: 25<sup>th</sup> May, 2017

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**Rasa Autocom Limited**  
**Balance Sheet as at March 31, 2017**

	Note	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>Equity and liabilities</b>			
<b>Shareholders' fund</b>			
Share capital	3	410,000,000	410,000,000
Reserves and surplus	4	(207,907,933)	(252,331,563)
		<u>202,092,067</u>	<u>157,668,437</u>
<b>Non current liabilities</b>			
Long term borrowings	5	171,284,386	171,284,386
Other long-term liabilities	6	-	66,700
Long term provisions	7	1,808,927	1,432,357
		<u>173,093,313</u>	<u>172,783,443</u>
<b>Current liabilities</b>			
Short term borrowings	8	-	7,388,359
Trade payables :-			
Payable to micro enterprises and small enterprises	9	688,407	2,522,786
Other payable	9	33,660,393	28,719,711
Other current liabilities	10	48,316,098	3,971,013
Short term provisions	11	50,898	2,776,853
		<u>82,715,795</u>	<u>45,378,723</u>
<b>Total</b>		<u><u>457,901,175</u></u>	<u><u>375,830,603</u></u>
<b>Assets</b>			
<b>Non current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	309,025,156	337,028,043
Capital work in progress		10,606,583	1,482,465
Long term loans and advances	13	91,996,897	3,942,122
		<u>411,628,636</u>	<u>342,452,630</u>
<b>Current assets</b>			
Inventories	14	10,545,071	11,455,349
Trade receivables	15	9,434,161	9,405,747
Cash and bank balances	16	1,053,523	6,152,607
Short term loans and advances	17	25,171,175	6,249,022
Other current assets	18	68,610	115,248
		<u>46,272,539</u>	<u>33,377,973</u>
<b>Total</b>		<u><u>457,901,175</u></u>	<u><u>375,830,603</u></u>

The accompanying notes (1 to 36) are an integral part of these financial statements.  
This is the Balance Sheet referred to in our report of even date.

For Walker Chandok & Co LLP  
Chartered Accountants

For and on behalf of the Board of Directors of  
Rasa Autocom Limited

per Ashish Gupta  
Partner

O. P. Aggarwal  
Director  
(DIN: 01537211)

Sandeep Rajpal  
Director  
(DIN: 07230059)

Place: Gurugram  
Date: May 25, 2017

Vikas Bansal  
Chief Financial Officer



**Rasa Autocom Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

		Year ended March 31, 2017	(Amount in ₹) Year ended March 31, 2016
<b>Revenue</b>			
Revenue from operations	19	275,370,207	451,463,105
Less: Excise duty		13,875,492	51,427,433
Revenue from operations		<u>261,494,715</u>	<u>400,035,672</u>
Other income	20	1,703,640	4,459,021
<b>Total revenue</b>		<u>263,198,355</u>	<u>404,494,693</u>
<b>Expenses</b>			
Cost of material and components consumed	21	77,120,860	229,441,409
Change in inventories of finished goods	22	474,901	2,321,708
Employee benefits expense	23	20,766,007	17,773,723
Depreciation and amortisation	12	26,089,412	32,919,069
Finance costs	24	241,414	918,747
Other expenses	25	93,472,205	108,247,992
Prior Period Items (Net)	26	609,927	-
<b>Total expenses</b>		<u>218,774,725</u>	<u>391,622,649</u>
<b>Profit before tax</b>		44,423,630	12,872,044
Current tax		355,439	2,624,462
MAT credit entitlement		(355,439)	(2,624,462)
Current tax - earlier years		-	(259,950)
<b>Total tax expense</b>		<u>-</u>	<u>(259,950)</u>
<b>Profit for the year</b>		<u>44,423,630</u>	<u>13,131,994</u>
<b>Earning per equity share</b>			
Basic and diluted earning per equity share			
[nominal value of share March 31, 2017 : ₹ 10/- (March 31, 2016 : ₹ 10/-)]	27	1.08	0.32

The accompanying notes (1 to 36) are an integral part of these financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

For Walker Chandfok & Co LLP  
Chartered Accountants

For and on behalf of the Board of Directors of  
Rasa Autocom Limited

per Ashish Gupta  
Partner

O. P. Aggarwal  
Director  
(DIN: 01537211)

Sandeep Rajpal  
Director  
(DIN: 07230059)

Place: Gurugram  
Date: May 25, 2017

Vikas Bansal  
Chief Financial Officer

**Rasa Autocom Limited**  
Cash flow statement for the year ended March 31, 2017

	For the year ended March 31, 2017	(Amount in ₹) For the year ended March 31, 2016
<b>A. Cash flow from operating activities</b>		
Net profit before tax	44,423,630	12,872,044
Adjustments for:		
Depreciation and amortisation	26,089,412	32,919,069
Interest expense	241,414	918,747
Interest income	(603,762)	(385,239)
Profit on sale of fixed assets	(33,491)	(402)
<b>Operating profit before working capital changes</b>	<b>70,117,203</b>	<b>46,324,219</b>
<b>Adjustments for:</b>		
Decrease in trade receivables and other receivables	(101,427,097)	28,765,320
Decrease in inventory	910,278	3,870,048
Decrease in trade payable, other current liabilities and provisions	45,035,302	(35,551,413)
	<b>14,635,686</b>	<b>43,408,173</b>
Less: Direct taxes paid (net of refunds)	5,578,245	(480,730)
<b>Net cash generated from operating activities (a)</b>	<b>9,057,441</b>	<b>43,888,903</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(13,259,241)	(21,700,158)
Proceeds from sale of fixed assets	6,082,090	1,177,299
Interest received	650,400	269,991
Movement in fixed deposits	5,110,917	(5,270,455)
<b>Net cash generated used in investing activities (b)</b>	<b>(1,415,835)</b>	<b>(25,523,323)</b>
<b>C. Cash flow from financing activities</b>		
Interest paid	(241,414)	(918,747)
Repayments of short term borrowings	(7,388,359)	(89,255,002)
Repayments of long term borrowings	-	(88,153,565)
Issue of shares	-	160,000,000
<b>Net cash generated from used in financing activities (c)</b>	<b>(7,629,773)</b>	<b>(18,327,314)</b>
<b>Net increase in cash and cash equivalents (a+b+c)</b>	<b>11,833</b>	<b>38,266</b>
Cash and cash equivalents at the beginning of the year	39,352	1,086
Cash and cash equivalents at the close of the year	<b>51,185</b>	<b>39,352</b>
<b>D. Cash and bank balances as per balance sheet (refer note 16)</b>	<b>1,053,523</b>	<b>6,152,607</b>
Less: Bank deposits with maturity of more than 3 month but less than 12 months	(1,002,338)	(6,113,255)
	<b>51,185</b>	<b>39,352</b>

Note

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

For Walker Chandniok & Co LLP  
Chartered Accountants

per Ashish Gupta  
Partner

Place: Gurugram  
Date: May 25, 2017

For and on behalf of the Board of Directors of  
Rasa Autocom Limited

O. P. Aggarwal  
(Director)  
(DIN: 01537211)

Sandeep Rajpal  
Director  
(DIN: 07230059)

Vikas Bansal  
Chief Financial Officer

## Rasa Autocom Limited

### Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

#### 1. CORPORATE INFORMATION

Rasa Autocom Limited ('the Company') was incorporated in India on September 5, 2007 as an unlisted public company under Companies Act 1956, having registered office at 38. K.M. Stone, Delhi-Jaipur Highway, Village Khandasa, Gurgaon, Haryana-122001. Company is a dynamic engineering company, in the business of manufacturing, assembling, buying, selling, exporting, importing and dealing in wholesale and in retail of Automobile parts, two wheeler parts, passenger car parts, tractor parts, auto electronic and electrical parts and engineering items and assemblies.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### i) Basis of preparation

The financial statements have been prepared on going concern basis under the historical cost basis, in accordance with the generally accepted accounting principles in India and in compliance with schedule III of the Companies Act 2013 and the applicable accounting standards as specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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. The accounting policies have been consistently applied by the Company.

##### ii) Use of estimates

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

##### iii) Revenue recognition

###### a. Revenue from sale of goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realization of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

###### b. Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### iv) Fixed assets and intangibles:

###### *Tangible assets*

Tangible fixed assets are stated at cost less accumulated depreciation. 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 fixed assets is allocated/capitalised with the related fixed assets.

**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

*Intangible Assets*

Software which is not an integral part of the related hardware is classified as an intangible asset. Intangibles are stated at cost of acquisition less amortisation. Cost includes all attributable costs of bringing intangible to its working condition for its intended use.

*Capital Work in Progress*

Capital work in progress includes the cost of fixed assets that are not ready for the intended use at the balance sheet date.

**v) Depreciation and amortisation:**

Depreciation on building and plant and machinery is provided on straight line method, computed on the basis of useful life prescribed in Schedule II of the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II. However, for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years.

Depreciation on other fixed assets is provided on written down value method, computed on the basis of useful life prescribed in Schedule II of the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II.

Dies are valued at cost less amortisation based on useful life of the items ascertained on a technical estimate by the management, which is further based on unit of production method.

Intangible Assets are being amortised on straight line 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.

**vi) Inventories:**

Inventories are valued as follows:

*a. Raw materials and loose tools*

Lower of cost or net realizable 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. Cost includes purchase price and other direct expenses.

*b. Work in progress*

Work in progress is valued at cost up to stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

*c. Finished goods*

Finished goods are valued at lower of cost or net realizable value. Cost includes direct materials and labor 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 to make the sale.

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

**vii) Employee benefits:**

Wages, salaries and bonuses are accrued in the year in which the associated services are rendered by employees of the Company.

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into a fund established under Employees Provident Fund and Miscellaneous Provision Act, 1952. 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 plan are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The legal obligation for any benefits from this kind of plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. All actuarial gains and losses are recorded through the statement of profit and loss.

The liability for employees compensated absences is provided for in accordance with the rules of the Company and is based on actuarial valuations made using projected unit method at the balance sheet date. Actuarial gain and losses are routed through the statement of profit and loss.

**viii) Borrowings costs:**

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time to be ready for the intended use are capitalised. Capitalization 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.

**ix) Foreign currency transactions:**

*a) 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.

*b) 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.

*c) Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on long term foreign currency monetary items.

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

Exchange differences arising on long term foreign currency monetary items in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets.

**x) Taxation**

Tax expense comprises current tax and deferred tax.

*a) Current tax*

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

*b) Deferred tax*

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, in a situation of brought forward losses and depreciation, deferred tax assets are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

**xi) Leases**

*a) Operating leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**xii) Provisions and contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of economic resources and a reliable estimate can be made of the amount of the obligation. 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.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**xiii) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

**xiv) Impairment of assets**

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>3 Share capital</b>		
<b>Authorised</b>		
46,000,000 (previous year 46,000,000) equity shares of ₹ 10 each	460,000,000	460,000,000
	460,000,000	460,000,000
<b>Issued, subscribed and fully paid up</b>		
41,000,000 (previous year 41,000,000) equity shares of ₹ 10 each	410,000,000	410,000,000
	410,000,000	410,000,000

**(a) Reconciliation of share outstanding at the beginning and at the end of the reporting year**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	(Amount in ₹)	Number	(Amount in ₹)
Shares outstanding at the beginning of the year	41,000,000	410,000,000	41,000,000	410,000,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	41,000,000	410,000,000	41,000,000	410,000,000

**(b) Details of shares held by holding company**

Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Rico Investments Limited	41,000,000	100%	41,000,000	100%

**(c) Terms and rights attached to shares**

**Equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per equity share held. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

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.

**(d) List of shareholders holding more than 5 % of the equity shares of the Company at the beginning and at the end of the reporting period\***

Name of the shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Rico Investments Limited	41,000,000	100%	41,000,000	100%

\* One share held by a nominee

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

The above information is furnished as per the shareholder register as of March 31, 2017 and March 31, 2016 as the case may be.

*(This space has been intentionally left blank)*



**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>4 Reserves and surplus</b>		
<b>Deficit as per statement of profit and loss</b>		
Balance at the beginning of the year	(252,331,563)	(265,463,557)
Add: Net profit for the year	<u>44,423,630</u>	<u>13,131,994</u>
	<u>(207,907,933)</u>	<u>(252,331,563)</u>
<b>5 Long term borrowings</b>		
<b>Unsecured</b>		
Loan from ultimate holding company (refer note 30)	<u>171,284,386</u>	<u>171,284,386</u>
	<u>171,284,386</u>	<u>171,284,386</u>
<b>Terms and details of the borrowing</b>		
The term loan carries a rate of Interest of 11.20% p.a. commencing from 1 April 2018 and is repayable over a period of 10 years commencing from 1 April 2018.		
<b>6 Other long term liabilities</b>		
Security deposits	<u>-</u>	<u>66,700</u>
	<u>-</u>	<u>66,700</u>
<b>7 Long term provisions</b>		
Provision for employee benefits		
- Gratuity (refer note 27)	1,297,142	967,732
- Compensated absences	<u>511,785</u>	<u>464,625</u>
	<u>1,808,927</u>	<u>1,432,357</u>
<b>8 Short term borrowings</b>		
<b>Secured - from bank</b>		
Working capital loan (refer note a below)	-	7,388,359
	<u>-</u>	<u>7,388,359</u>
<b>Security details - from bank</b>		
(a) Working capital loan from bank carries interest @ base rate+3.5 % p.a. and is repayable on demand. This facility is secured by exclusive first pari-passu charge by hypothecation of current assets of the Company and further secured by second charge on all the movable and immovable assets of the Company. This cash credit account has been converted to a current account in the month of August 2016.	-	7,388,359
	<u>-</u>	<u>7,388,359</u>

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>9 Trade payables</b>		
Due to micro, small and medium enterprises (refer note 31)	688,407	2,522,786
<b>Other Payable</b>		
Other than acceptances	23,374,560	28,382,212
Due to related parties (refer note 30)	10,285,833	337,499
	<u>33,660,393</u>	<u>28,719,711</u>
<b>10 Other current liabilities</b>		
Book overdraft	2,536,950	-
Statutory liabilities	613,965	815,662
Payable for capital purchases*	10,482,561	906,388
Employee benefits payable	2,003,814	1,677,394
Security deposits	-	368,445
Advance from customers**	32,678,808	203,124
	<u>48,316,098</u>	<u>3,971,013</u>
*Includes amount payable to related party amounting to Rs. 0.68 Lakhs (Refer note 30)		
**Includes amount payable to related party amounting to Rs. 3.27 Crores (Refer note 30)		
<b>11 Short term provisions</b>		
Provision for employce benefits		
- Gratuity (refer note 27)	25,372	545,595
- Compensated absences	25,526	65,407
Provision for income tax (net of advance tax of Previous year ₹ 458,610)	-	2,165,852
	<u>50,898</u>	<u>2,776,854</u>

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Rasa Autocom Limited  
Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

(Amount in ₹)

12 Fixed assets

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation and amortisation charge	Disposals	As at March 31, 2017	As on March 31, 2017	As on March 31, 2016
<b>Tangible assets</b>										
Land - freehold	42,483,200	-	-	42,483,200	-	-	-	-	42,483,200	42,483,200
Buildings	118,809,128	-	-	118,809,128	13,863,088	3,504,708	-	17,367,796	101,441,332	104,916,040
Plant and machinery	245,806,575	4,135,123	7,713,387	242,228,311	57,756,453	22,349,355	1,995,498	78,110,310	164,118,001	188,050,122
Dies and moulds	19,033,903	-	-	19,033,903	18,567,312	-	-	18,567,312	466,591	466,591
Furniture & fixtures	397,765	-	-	397,765	256,451	40,887	-	297,338	100,427	141,314
Office equipment	3,149,638	-	-	3,149,638	2,631,713	162,320	-	2,734,033	415,605	517,925
Vehicles	859,961	-	859,961	-	437,110	92,142	529,251	-	-	422,851
	430,540,170	4,135,123	8,573,348	426,101,945	93,512,127	26,089,412	2,524,749	117,076,789	309,025,156	337,028,043
<b>Intangible assets</b>										
Computer softwares	22,912	-	-	22,912	22,912	-	-	22,912	-	-
	22,912	-	-	22,912	22,912	-	-	22,912	-	-
<b>Current year Total</b>	<b>430,563,082</b>	<b>4,135,123</b>	<b>8,573,348</b>	<b>426,124,857</b>	<b>93,535,039</b>	<b>26,089,412</b>	<b>2,524,749</b>	<b>117,099,701</b>	<b>309,025,156</b>	<b>337,028,043</b>
<b>Previous year</b>	<b>389,202,672</b>	<b>42,923,999</b>	<b>1,563,589</b>	<b>430,563,082</b>	<b>61,002,661</b>	<b>32,919,069</b>	<b>386,691</b>	<b>93,535,039</b>	<b>337,028,043</b>	<b>328,200,011</b>

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**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	(Amount in ₹)	
	As at March 31, 2017	As at March 31, 2016
<b>13 Long term loans and advances</b>		
(Unsecured and considered good)		
Capital advances*	83,846,131	-
Security deposits	1,852,892	1,317,660
Prepaid expenses	364,190	-
Advance income tax (net of provision for tax Rs. 355,439)	5,578,245	-
MAT credit entitlement	355,439	2,624,462
	<u>91,996,897</u>	<u>3,942,122</u>
*Includes advance to related party amounting to Rs. 8 Crores (Refer note 30)		
<b>14 Inventories</b>		
Raw materials and consumables	2,980,307	4,309,151
Work in progress	1,789,901	2,264,802
Stores and spares	5,774,862	4,881,396
	<u>10,545,071</u>	<u>11,455,349</u>
<b>15 Trade receivables</b>		
(Unsecured and considered good)		
Outstanding for a period exceeding six months from the due date for payment	1,169,014	-
Other debts	8,265,146	9,405,747
	<u>9,434,161</u>	<u>9,405,747</u>
<b>16 Cash and bank balances</b>		
<b>Balances with banks</b>		
In current accounts	49,908	21,845
<b>Cash and cash equivalents</b>		
Cash on hand	1,277	17,507
	<u>51,185</u>	<u>39,352</u>
<b>Other bank balances</b>		
Bank deposits with maturity of more than 3 months but less than 12 months*	1,002,338	6,113,255
	<u>1,002,338</u>	<u>6,113,255</u>
	<u>1,053,523</u>	<u>6,152,607</u>
* Pledged with bank for issuing letter of credit.		
<b>17 Short term loans and advances</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind	34,576	92,372
Advance to supplier	1,430,688	1,938,131
Advance to related parties (Refer Note 30)	19,000,000	-
Prepaid expenses	1,254,810	545,196
Balance with statutory/government authorities on account of:		
Service tax	986,172	1,211,881
Excise duty	2,130,422	2,052,346
Others	334,507	409,096
	<u>25,171,175</u>	<u>6,249,022</u>
<b>18 Other current assets</b>		
Interest accrued but not due	68,610	115,248
	<u>68,610</u>	<u>115,248</u>

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	Year ended March 31, 2017	(Amount in ₹) Year ended March 31, 2016
<b>19 Revenue from operations</b>		
Sale of products (refer note A below)	111,637,845	423,331,988
Job work income	157,548,472	21,479,000
<b>A</b>	269,186,317	444,810,988
<b>Other operating revenue</b>		
Scrap sales	4,801,656	5,907,877
Miscellaneous income	1,382,234	744,240
<b>B</b>	6,183,890	6,652,117
<b>A+B</b>	275,370,207	451,463,105
<b>Note:</b>		
<b>A. Detail of major products sold</b>		
Auto parts - Aluminium	111,637,845	423,331,988
<b>20 Other income</b>		
Interest income	603,762	385,239
Profit on sale of fixed assets	33,491	402
Insurance claim received	556,970	295,858
Others	509,417	3,777,522
<b>A+B</b>	1,703,640	4,459,021
<b>21 Cost of material and components consumed</b>		
Opening stock	4,309,151	6,184,422
Add: Purchases during the year	75,792,016	227,566,138
Less: Closing stock (refer note B)	2,980,307	4,309,151
Raw material and components consumed (refer note A)	77,120,860	229,441,409
<b>Note:</b>		
<b>A. Detail of major components of raw material and components</b>		
Aluminium alloy	58,627,154	215,672,728
Other materials and components	18,493,706	13,768,681
<b>A+B</b>	77,120,860	229,441,409
77,595,760		
<b>B. Detail of closing stock of raw materials and components</b>		
Aluminium alloy	1,996,253	2,951,630
Other materials and components	984,054	1,357,521
<b>22 Change in inventories of finished goods</b>		
<b>Work in progress</b>		
Opening stock	2,264,802	4,579,023
Closing stock	1,789,901	2,264,802
<b>A+B</b>	474,901	2,314,221
<b>Finished goods</b>		
Opening stock	-	7,487
Closing stock	-	-
<b>A+B</b>	-	7,487
<b>A+B</b>	474,901	2,321,708

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**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	Year ended March 31, 2017	(Amount in ₹) Year ended March 31, 2016
<b>23 Employee benefit expenses</b>		
Salaries and wages	14,508,701	12,788,914
Contribution to provident and other funds (refer note 27)	2,318,150	1,175,072
Staff welfare expenses	3,939,156	3,809,737
	<u>20,766,007</u>	<u>17,773,723</u>
<b>24 Finance costs</b>		
Interest on borrowings	241,414	918,747
	<u>241,414</u>	<u>918,747</u>
<b>25 Other expenses</b>		
Consumption of stores and spares	17,726,425	25,641,505
Power and fuel	41,566,891	52,563,281
Rent	156,108	156,108
Sub contractor expenses	20,458,226	19,176,153
Repairs and maintenance :		
Buildings	435,456	774,490
Machinery	2,662,746	2,124,296
Others	1,611,177	2,085,021
Insurance	807,665	859,151
Rates and taxes	714,032	435,699
Freight outwards	939,150	1,167,916
Foreign exchange fluctuation	(37,355)	9,375
Legal and professional charges (refer note 25(a))	1,219,531	1,045,902
Conveyance hire charges	920,606	971,923
Vehicle running and maintenance expenses	688,229	698,615
Job work expenses	-	174,280
Miscellaneous expenses	3,603,318	364,277
	<u>93,472,205</u>	<u>108,247,992</u>
Note 25(a): Payment to auditors comprises :		
Statutory audit*	300,000	300,000
Out of pocket expenses*	49,750	49,750
*exclusive of service tax		
<b>26 Prior Period Items (Net)</b>		
Job work expense	220,000	-
Others	389,927	-
	<u>609,927</u>	<u>-</u>
<b>27 Earning per equity share</b>		
Earning for the year (A) (₹)	44,423,630	13,131,994
Number of equity shares	41,000,000	41,000,000
Weighted average number of equity shares (basic/diluted) (B)	41,000,000	25,043,836
Nominal value of equity share (₹)	10	10
Earning per equity share (basic & diluted) (A/B) (₹)	1.08	0.52

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Rasa Autocom Limited  
Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

12 Fixed assets

(Amount in ₹)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation and amortisation charge	Disposals	As at March 31, 2017	As on March 31, 2017	As on March 31, 2016
<b>Tangible assets</b>										
Land - freehold	42,483,200	-	-	42,483,200	-	-	-	-	42,483,200	42,483,200
Buildings	118,809,128	-	-	118,809,128	13,863,088	3,504,708	-	17,367,796	101,441,332	104,946,040
Plant and machinery	245,806,575	4,135,123	7,713,387	242,228,311	57,756,453	22,349,355	1,995,498	78,110,310	164,118,001	188,050,122
Dies and moulds	19,033,903	-	-	19,033,903	18,567,312	-	-	18,567,312	466,591	-466,591
Furniture & fixtures	397,765	-	-	397,765	256,451	40,887	-	297,338	100,427	141,314
Office equipment	3,149,638	-	-	3,149,638	2,631,713	102,320	-	2,734,033	415,605	517,925
Vehicles	859,961	-	859,961	-	437,110	92,142	529,251	-	-	422,851
	430,540,170	4,135,123	8,573,348	426,101,945	93,512,127	26,089,412	2,524,749	117,076,789	309,025,156	337,028,043
<b>Intangible assets</b>										
Computer softwares	22,912	-	-	22,912	22,912	-	-	22,912	-	-
	22,912	-	-	22,912	22,912	-	-	22,912	-	-
<b>Current year Total</b>	<b>430,563,082</b>	<b>4,135,123</b>	<b>8,573,348</b>	<b>426,124,857</b>	<b>93,535,039</b>	<b>26,089,412</b>	<b>2,524,749</b>	<b>117,099,701</b>	<b>309,025,156</b>	<b>337,028,043</b>
<b>Previous year</b>	<b>389,202,672</b>	<b>42,923,999</b>	<b>1,563,589</b>	<b>430,563,082</b>	<b>61,002,661</b>	<b>32,919,069</b>	<b>386,691</b>	<b>93,535,039</b>	<b>337,028,043</b>	<b>328,200,011</b>

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**Rasa Autocon Limited**  
**Balance Sheet as at March 31, 2017**

	Note	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>Equity and liabilities</b>			
<b>Shareholders' fund</b>			
Share capital	3	410,000,000	410,000,000
Reserves and surplus	4	<u>(207,907,933)</u>	<u>(252,331,563)</u>
		<u>202,092,067</u>	<u>157,668,437</u>
<b>Non current liabilities</b>			
Long term borrowings	5	171,284,386	171,284,386
Other long-term liabilities	6	-	66,700
Long term provisions	7	<u>1,808,927</u>	<u>1,432,357</u>
		<u>173,093,313</u>	<u>172,783,443</u>
<b>Current liabilities</b>			
Short term borrowings	8	-	7,388,359
Trade payables :-			
Payable to micro enterprises and small enterprises	9	688,407	2,522,786
Other payable	9	33,660,393	28,719,711
Other current liabilities	10	48,316,098	3,971,013
Short term provisions	11	<u>50,898</u>	<u>2,776,853</u>
		<u>82,715,795</u>	<u>45,378,723</u>
<b>Total</b>		<u><u>457,901,175</u></u>	<u><u>375,830,603</u></u>
<b>Assets</b>			
<b>Non current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	309,025,156	337,028,043
Capital work in progress		10,606,583	1,482,465
Long term loans and advances	13	<u>91,996,897</u>	<u>3,942,122</u>
		<u>411,628,636</u>	<u>342,452,630</u>
<b>Current assets</b>			
Inventories	14	10,545,071	11,455,349
Trade receivables	15	9,434,161	9,405,747
Cash and bank balances	16	1,053,523	6,152,607
Short term loans and advances	17	25,171,175	6,249,022
Other current assets	18	<u>68,610</u>	<u>115,248</u>
		<u>46,272,539</u>	<u>33,377,973</u>
<b>Total</b>		<u><u>457,901,175</u></u>	<u><u>375,830,603</u></u>

The accompanying notes (1 to 36) are an integral part of these financial statements.  
This is the Balance Sheet referred to in our report of even date.

**For Walker Chandniok & Co LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
**Rasa Autocon Limited**

per Ashish Gupta  
Partner

O. P. Aggarwal  
Director  
(DIN: 01537211)

Sandeep Rajpal  
Director  
(DIN: 07230059)

Place: Gurugram  
Date: May 25, 2017

Vikas Bansal  
Chief Financial Officer



**Rasa Autocom Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

		Year ended March 31, 2017	(Amount in ₹) Year ended March 31, 2016
<b>Revenue</b>			
Revenue from operations	19	275,370,207	451,463,105
Less: Excise duty		<u>13,875,492</u>	<u>51,427,433</u>
Revenue from operations		261,494,715	400,035,672
Other income	20	<u>1,703,640</u>	<u>4,459,021</u>
<b>Total revenue</b>		<u>263,198,355</u>	<u>404,494,693</u>
<b>Expenses</b>			
Cost of material and components consumed	21	77,120,860	229,441,409
Change in inventories of finished goods	22	474,901	2,321,708
Employee benefits expense	23	20,766,007	17,773,723
Depreciation and amortisation	12	26,089,412	32,919,069
Finance costs	24	241,414	918,747
Other expenses	25	93,472,205	108,247,992
Prior Period Items (Net)	26	609,927	-
<b>Total expenses</b>		<u>218,774,725</u>	<u>391,622,649</u>
<b>Profit before tax</b>		44,423,630	12,872,044
Current tax		355,439	2,624,462
MAT credit entitlement		(355,439)	(2,624,462)
Current tax - earlier years		-	(259,950)
<b>Total tax expense</b>		<u>-</u>	<u>(259,950)</u>
<b>Profit for the year</b>		<u>44,423,630</u>	<u>13,131,994</u>
<b>Earning per equity share</b>			
Basic and diluted earning per equity share			
[nominal value of share March 31, 2017 : ₹ 10/- (March 31, 2016 : ₹ 10/-)]	27	1.08	0.32

The accompanying notes (1 to 36) are an integral part of these financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiook & Co LLP  
Chartered Accountants

For and on behalf of the Board of Directors of  
Rasa Autocom Limited

per Ashish Gupta  
Partner

O. P. Aggarwal  
Director  
(DIN: 01537211)

Sandeeep Rajpal  
Director  
(DIN: 07230059)

Place: Gurugram  
Date: May 25, 2017

Vikas Bansal  
Chief Financial Officer

**Rasa Autocom Limited**  
Cash flow statement for the year ended March 31, 2017

	<b>For the year ended March 31, 2017</b>	<b>(Amount in ₹) For the year ended March 31, 2016</b>
<b>A. Cash flow from operating activities</b>		
Net profit before tax	44,423,630	12,872,044
Adjustments for:		
Depreciation and amortisation	26,089,412	32,919,069
Interest expense	241,414	918,747
Interest income	(603,762)	(385,239)
Profit on sale of fixed assets	(33,491)	(402)
Operating profit before working capital changes	70,117,203	46,324,219
Adjustments for:		
Decrease in trade receivables and other receivables	(101,427,097)	28,765,320
Decrease in inventory	910,278	3,870,048
Decrease in trade payable, other current liabilities and provisions	45,035,302	(35,551,413)
	14,635,686	43,408,173
Less: Direct taxes paid (net of refunds)	5,578,245	(480,730)
<b>Net cash generated from operating activities (a)</b>	9,057,441	43,888,903
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(13,259,241)	(21,700,158)
Proceeds from sale of fixed assets	6,082,090	1,177,299
Interest received	650,400	269,991
Movement in fixed deposits	5,110,917	(5,270,455)
<b>Net cash generated used in investing activities (b)</b>	(1,415,835)	(25,523,323)
<b>C. Cash flow from financing activities</b>		
Interest paid	(241,414)	(918,747)
Repayments of short term borrowings	(7,388,359)	(89,255,002)
Repayments of long term borrowings	-	(88,153,565)
Issue of shares	-	160,000,000
<b>Net cash generated from used in financing activities (c)</b>	(7,629,773)	(18,327,314)
<b>Net increase in cash and cash equivalents (a+b+c)</b>	11,833	38,266
Cash and cash equivalents at the beginning of the year	39,352	1,086
Cash and cash equivalents at the close of the year	51,185	39,352
<b>D. Cash and bank balances as per balance sheet (refer note 16)</b>	1,053,523	6,152,607
Less: Bank deposits with maturity of more than 3 month but less than 12 months	(1,002,338)	(6,113,255)
	51,185	39,352

Note

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

For Walker Chandniok & Co LLP  
Chartered Accountants

per Ashish Gupta  
Partner

Place: Gurugram  
Date: May 25, 2017

For and on behalf of the Board of Directors of  
Rasa Autocom Limited

O. P. Aggarwal  
(Director)  
(DIN: 01537211)

Sandeep Rajpal  
(Director)  
(DIN: 07230059)

Vikas Bansal  
Chief Financial Officer

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>3 Share capital</b>		
<b>Authorised</b>		
46,000,000 (previous year 46,000,000) equity shares of ₹ 10 each	460,000,000	460,000,000
	460,000,000	460,000,000
<b>Issued, subscribed and fully paid up</b>		
41,000,000 (previous year 41,000,000) equity shares of ₹ 10 each	410,000,000	410,000,000
	410,000,000	410,000,000

**(a) Reconciliation of share outstanding at the beginning and at the end of the reporting year**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	(Amount in ₹)	Number	(Amount in ₹)
Shares outstanding at the beginning of the year	41,000,000	410,000,000	41,000,000	410,000,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	41,000,000	410,000,000	41,000,000	410,000,000

**(b) Details of shares held by holding company**

Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Rico Investments Limited	41,000,000	100%	41,000,000	100%

**(c) Terms and rights attached to shares**

**Equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per equity share held. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

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.

**(d) List of shareholders holding more than 5 % of the equity shares of the Company at the beginning and at the end of the reporting period\***

Name of the shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Rico Investments Limited	41,000,000	100%	41,000,000	100%

\* One share held by a nominee

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

The above information is furnished as per the shareholder register as of March 31, 2017 and March 31, 2016 as the case may be.

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**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>4 Reserves and surplus</b>		
<b>Deficit as per statement of profit and loss</b>		
Balance at the beginning of the year	(252,331,563)	(265,463,557)
Add: Net profit for the year	44,423,630	13,131,994
	(207,907,933)	(252,331,563)
<b>5 Long term borrowings</b>		
<b>Unsecured</b>		
Loan from ultimate holding company (refer note 30)	171,284,386	171,284,386
	171,284,386	171,284,386
<b>Terms and details of the borrowing</b>		
The term loan carries a rate of Interest of 11.20% p.a. commencing from 1 April 2018 and is repayable over a period of 10 years commencing from 1 April 2018.		
<b>6 Other long term liabilities</b>		
Security deposits	-	66,700
	-	66,700
<b>7 Long term provisions</b>		
Provision for employee benefits		
- Gratuity (refer note 27)	1,297,142	967,732
- Compensated absences	511,785	464,625
	1,808,927	1,432,357
<b>8 Short term borrowings</b>		
<b>Secured - from bank</b>		
Working capital loan (refer note a below)	-	7,388,359
	-	7,388,359
<b>Security details - from bank</b>		
(a) Working capital loan from bank carries interest @ base rate+3.5 % p.a. and is repayable on demand. This facility is secured by exclusive first pari-passu charge by hypothecation of current assets of the Company and further secured by second charge on all the movable and immovable assets of the Company. This cash credit account has been converted to a current account in the month of August 2016.	-	7,388,359
	-	7,388,359

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>9 Trade payables</b>		
Due to micro, small and medium enterprises (refer note 31)	688,407	2,522,786
<b>Other Payable</b>		
Other than acceptances	23,374,560	28,382,212
Due to related parties (refer note 30)	10,285,833	337,499
	<u>33,660,393</u>	<u>28,719,711</u>
<b>10 Other current liabilities</b>		
Bank overdraft	2,536,950	-
Statutory liabilities	613,965	815,662
Payable for capital purchases*	10,482,561	906,388
Employee benefits payable	2,003,814	1,677,394
Security deposits	-	368,445
Advance from customers**	32,678,808	203,124
	<u>48,316,098</u>	<u>3,971,013</u>
*Includes amount payable to related party amounting to Rs. 0.68 Lakhs (Refer note 30)		
**Includes amount payable to related party amounting to Rs. 3.27 Crores (Refer note 30)		
<b>11 Short term provisions</b>		
Provision for employee benefits		
- Gratuity (refer note 27)	25,372	545,595
- Compensated absences	25,526	65,407
Provision for income tax (net of advance tax of Previous year ₹ 458,610)	-	2,165,852
	<u>50,898</u>	<u>2,776,854</u>

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**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>13 Long term loans and advances</b> (Unsecured and considered good)		
Capital advances*	83,846,131	-
Security deposits	1,852,892	1,317,660
Prepaid expenses	364,190	-
Advance income tax (net of provision for tax Rs. 355,439)	5,578,245	-
MAT credit entitlement	355,439	2,624,462
	<u>91,996,897</u>	<u>3,942,122</u>
* Includes advance to related party amounting to Rs. 8 Crores (Refer note 30)		
<b>14 Inventories</b>		
Raw materials and consumables	2,980,307	4,309,151
Work in progress	1,789,901	2,264,802
Stores and spares	5,774,862	4,881,396
	<u>10,545,071</u>	<u>11,455,349</u>
<b>15 Trade receivables</b> (Unsecured and considered good)		
Outstanding for a period exceeding six months from the due date for payment	1,169,014	-
Other debts	8,265,146	9,405,747
	<u>9,434,161</u>	<u>9,405,747</u>
<b>16 Cash and bank balances</b>		
<b>Balances with banks</b>		
In current accounts	49,908	21,845
<b>Cash and cash equivalents</b>		
Cash on hand	1,277	17,507
	<u>51,185</u>	<u>39,352</u>
<b>Other bank balances</b>		
Bank deposits with maturity of more than 3 months but less than 12 months*	1,002,338	6,113,255
	<u>1,002,338</u>	<u>6,113,255</u>
	<u>1,053,523</u>	<u>6,152,607</u>
* Pledged with bank for issuing letter of credit.		
<b>17 Short term loans and advances</b> (Unsecured and considered good)		
Advances recoverable in cash or in kind	34,576	92,372
Advance to supplier	1,430,688	1,938,131
Advance to related parties (Refer Note 30)	19,000,000	-
Prepaid expenses	1,254,810	545,196
Balance with statutory/government authorities on account of:		
Service tax	986,172	1,211,881
Excise duty	2,130,422	2,052,346
Others	334,507	409,096
	<u>25,171,175</u>	<u>6,249,022</u>
<b>18 Other current assets</b>		
Interest accrued but not due	68,610	115,248
	<u>68,610</u>	<u>115,248</u>

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	<b>Year ended March 31, 2017</b>	<b>(Amount in ₹) Year ended March 31, 2016</b>
<b>19 Revenue from operations</b>		
Sale of products (refer note A below)	111,637,845	423,331,988
Job work income	157,548,472	21,479,000
	<b>A</b> <u>269,186,317</u>	<u>444,810,988</u>
<b>Other operating revenue</b>		
Scrap sales	4,801,656	5,907,877
Miscellaneous income	1,382,234	744,240
	<b>B</b> <u>6,183,890</u>	<u>6,652,117</u>
	<b>A+B</b> <u>275,370,207</u>	<u>451,463,105</u>
 <b>Note:</b>		
<b>A. Detail of major products sold</b>		
Auto parts - Aluminium	111,637,845	423,331,988
 <b>20 Other income</b>		
Interest income	603,762	385,239
Profit on sale of fixed assets	33,491	402
Insurance claim received	556,970	295,858
Others	509,417	3,777,522
	<u>1,703,640</u>	<u>4,459,021</u>
 <b>21 Cost of material and components consumed</b>		
Opening stock	4,309,151	6,184,422
Add: Purchases during the year	75,792,016	227,566,138
Less: Closing stock (refer note B)	2,980,307	4,309,151
Raw material and components consumed (refer note A)	<u>77,120,860</u>	<u>229,441,409</u>
 <b>Note:</b>		
<b>A. Detail of major components of raw material and components</b>		
Aluminium alloy	58,627,154	215,672,728
Other materials and components	18,493,706	13,768,681
	<u>77,120,860</u>	<u>229,441,409</u>
	77,595,760	
<b>B. Detail of closing stock of raw materials and components</b>		
Aluminium alloy	1,996,253	2,951,630
Other materials and components	984,054	1,357,521
 <b>22 Change in inventories of finished goods</b>		
<b>Work in progress</b>		
Opening stock	2,264,802	4,579,023
Closing stock	1,789,901	2,264,802
	<u>474,901</u>	<u>2,314,221</u>
<b>Finished goods</b>		
Opening stock	-	7,487
Closing stock	-	-
	<u>-</u>	<u>7,487</u>
	<u>474,901</u>	<u>2,321,708</u>

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**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	Year ended March 31, 2017	(Amount in ₹) Year ended March 31, 2016
<b>23 Employee benefit expenses</b>		
Salaries and wages	14,508,701	12,788,914
Contribution to provident and other funds (refer note 27)	2,318,150	1,175,072
Staff welfare expenses	3,939,156	3,809,737
	<u>20,766,007</u>	<u>17,773,723</u>
<b>24 Finance costs</b>		
Interest on borrowings	241,414	918,747
	<u>241,414</u>	<u>918,747</u>
<b>25 Other expenses</b>		
Consumption of stores and spares	17,726,425	25,641,505
Power and fuel	41,566,891	52,563,281
Rent	156,108	156,108
Sub contractor expenses	20,458,226	19,176,153
Repairs and maintenance :		
Buildings	435,456	774,490
Machinery	2,662,746	2,124,296
Others	1,611,177	2,085,021
Insurance	807,665	859,151
Rates and taxes	714,032	435,699
Freight outwards	939,150	1,167,916
Foreign exchange fluctuation	(37,355)	9,375
Legal and professional charges (refer note 25(a))	1,219,531	1,045,902
Conveyance hire charges	920,606	971,923
Vehicle running and maintenance expenses	688,229	698,615
Job work expenses	-	174,280
Miscellaneous expenses	3,603,318	364,277
	<u>93,472,205</u>	<u>108,247,992</u>
Note 25(a): Payment to auditors comprises :		
Statutory audit*	300,000	300,000
Out of pocket expenses*	49,750	49,750
*exclusive of service tax		
<b>26 Prior Period Items (Net)</b>		
Job work expense	220,000	-
Others	389,927	-
	<u>609,927</u>	<u>-</u>
<b>27 Earning per equity share</b>		
Earning for the year (A) (₹)	44,423,630	13,131,994
Number of equity shares	41,000,000	41,000,000
Weighted average number of equity shares (basic/diluted) (B)	41,000,000	25,043,836
Nominal value of equity share (₹)	10	10
Earning per equity share (basic & diluted) (A/B) (₹)	1.08	0.52

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Rasa Autocom Limited  
 Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

27) Employment benefits

a. Provident fund and other funds\*:

	(Amount in ₹)	
	March 31, 2017	March 31, 2016
Employer's contribution to provident fund	822,963	756,367
Employer's contribution to ESI	121,328	105,116

\* included in contribution to provident and other funds (refer note 23)

b. Defined benefit plan- Gratuity

The following tables set out the unfunded status of the gratuity plan amounts recognized in the Company's financial statements as at March 31, 2017:

• Movement in the liability recognised in the Balance Sheet is as under:

	(Amount in ₹)	
	March 31, 2017	March 31, 2016
a) Present value of obligation as at beginning of the year	15,13,327	12,96,711
b) Current service cost	197,520	189,886
c) Interest cost	-	100,495
d) Benefits paid	(541,468)	(467,369)
e) Actuarial gain/loss on obligation	32,069	393,604
<b>Present value of obligation as at end of the year</b>	<b>1,322,514</b>	<b>1,513,327</b>

▪ Amount recognised in the Balance Sheet

	March 31, 2017	March 31, 2016
a) Present value of obligation as at the end of the period	1,322,514	1,513,327
b) Fair value of plan assets as at the end of the period	-	-
	<b>1,322,514</b>	<b>1,513,327</b>

Current portion	25,372	545,595
Non-current portion	1,297,142	967,732
<b>Net liability recognised in Balance Sheet</b>	<b>1,322,514</b>	<b>1,513,327</b>

▪ Amount recognised in the Statement of Profit and Loss

	March 31, 2017	March 31, 2016
a) Current service cost	197,520	189,886
b) Interest cost	-	100,495
c) Net actuarial profit / (loss) recognised	32,069	393,604
	<b>350,655</b>	<b>683,985</b>

**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

• **Assumptions used to determine obligation:**

Actuarial valuation of leave encashment and gratuity has been done with the following assumptions.

Particulars	March 31, 2017	March 31, 2016
Discount rate	7.56%	8.00%
Rate of increase in compensation levels	5.50%	5.50%
Expected average remaining working lives of employees (years)	22.11	22.74

**c. Other long term benefit plan**

For determination of the liability in respect of compensated absences, the Company has used following actuarial assumptions used:

Particulars	March 31, 2017	March 31, 2016
a) Discount Rate	7.56%	8.00%
b) Rate of increase in compensation levels	5.50%	5.50%

**28) Composition of imported and indigenous raw material**

Particulars	(Amount in ₹)			
	March 31, 2017		March 31, 2016	
	Value	Percentage to total consumption	Value	Percentage to total consumption
1. Aluminum alloy				
-Indigenous	59,102,054	76.17%	215,233,639	93.99%
-Imported	-	-	-	-
2. Other materials and components				
-Indigenous	18,493,706	23.83%	13,768,681	6.01%
-Imported	-	-	-	-

**29) CIF value of imports**

Particulars	(Amount in ₹)	
	March 31, 2017	March 31, 2016
Stores and spares	884,551	397,164

**30) Related party disclosures**

a) Related party relationship

Holding company

Rico Investments Limited (immediate Holding Company)\*

Rico Auto Industries Limited (ultimate Holding Company)

**Rasa Autocom Limited**

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

Fellow Subsidiaries

Rico Jinfei Wheels Limited  
Rico Aluminium and Ferrous Autocomponents Limited (formerly known as RAA Autocom Limited)

Enterprises owned or significantly influenced by key management personnel or their relatives, with whom transactions have taken place during the year:

Rico Castings Limited  
Kapbros Engineering Industries Limited  
Kapsons Associates Investments Private Limited

Key Management Personnel (KMP)

Om Prakash Aggarwal – Director  
Sandeep Rajpal – Director  
Rajender Dharna – Director  
Arun Gupta – Director  
Sandeep Kumar Riat - Director  
Arun Kapur – Director (upto 17<sup>th</sup> December, 2015)  
Rakesh Kapur – Director (upto 17<sup>th</sup> December, 2015)

b) Transactions with and balances of related parties

(Amount in ₹)

	Particulars	For the year ended	
		March 31,2017	March 31,2016
A	<u>Rico Auto Industries Limited</u>		
	<i>Transactions during the year</i>		
	Goods purchased	154,467	9,500,600
	Goods sold	61,560,992	388,952,023
	Assets purchased	2,128,079	17,575,162
	Job work income	157,548,472	21,049,416
	Advance received	48,700,000	-
	Job work expenses	-	616,091
	Loan repaid during the year	-	176,307,129
	<i>Outstanding balances</i>		
	Balance payable	32,330,761	-
	Loan outstanding	171,284,386	171,284,386
	Guarantee given for loan of the Company	-	50,000,000
B	<u>Rico Castings Limited</u>		
	<i>Transactions during the year</i>		
	Capital advance made during the year	80,000,000	-
	<i>Outstanding balances</i>		
	Capital advance receivable	80,000,000	-

**Rasa Autocom Limited**

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

	Particulars	For the year ended	
		March 31,2017	March 31,2016
C	<u>Rico Jinfie Wheels Limited</u>		
	<i>Transactions during the year</i>		
	Goods purchased	8,560,218	1,844,313
	Good sold	1,196,293	555,067
	Asset Sold	6,454,369	1,380,090
	Job work expenses	3,397,573	3,134,936
	<i>Outstanding balances</i>		
	Balance payable	4,231,123	253,709
D	<u>Kapbros Engineering Industries Limited</u>		
	<i>Transactions during the year</i>		
	Job work expenses	15,860,555	13,859,360
	<i>Outstanding balances</i>		
	Balance payable	5,203,363	83,790
E	<u>Rico Investment Limited</u>		
	<i>Transactions during the year</i>		
	Share Capital issued	-	160,000,000
F	<u>Rico Aluminium and Ferrous Auto Components Limited</u>		
	<i>Transactions during the year</i>		
	Good sold	1,560	-
	Assets purchased	600,000	-
	<i>Outstanding balances</i>		
	Balance payable	532,405	-
G	<u>Kapsons Associates Investments Private Limited</u>		
	<i>Transactions during the year</i>		
	Inter-corporate deposit made during the year	19,000,000	-
	Interest income	68,610	-
	<i>Outstanding balances</i>		
	Inter-corporate deposit	19,000,000	-
	Interest income	68,610	-

**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

31) Dues to micro, small and medium enterprises.

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	688,407	2,522,786
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-

32) Accounting Standard 17 "Segment Reporting" of the Companies (Accounting standards) Rules, 2006 requires the Company to disclose certain information about operating segments. The Company is managed as a single operating unit and therefore, has only one reportable business segment. Further, the operations of the Company are limited within one geographical segment. Hence the disclosure required by this standard is presently not applicable to the Company.

33) 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 relating 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 conducting a 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. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

34) The Company has generated profit from operations for the year ended March 31, 2017 amounting to ₹ 12,872,044 before Tax (previous year loss ₹ 19,425,555) and has accumulated losses of ₹ 252,331,563 as at March 31, 2016 (previous year ₹ 265,463,557)

The management is in the process of implementing business plans to improve its operational performance significantly and the parent, Rico Auto Industries Limited, has provided a financial support letter to the Company. Accordingly, these financial statements are prepared on a going concern basis.

**Rasa Autocom Limited****Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017****35) Disclosure on specified bank notes (SBNs)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	11,500	323	11,823
(+) Permitted receipts	-	30,220	30,220
(-) Permitted payments	-	23,412	23,412
(-) Amount deposited in Banks	11,500	-	11,500
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>7,131</b>	<b>7,131</b>

\*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

**36) Previous year figures have been regrouped and /or rearranged where considered necessary to make them comparable with the current year figures.**

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

For Walker Chandiook & Co LLP  
Chartered Accountants

For and on behalf of Board of Directors of  
Rasa Autocom Limited

per Ashish Gupta  
Partner

O.P. Aggarwal  
Director  
(DIN: 01537211)

Sandeep Rajpal  
Director  
(DIN: 07230059)

Place: Gurugram  
Date: May 25, 2017

Vikas Bansal  
Chief Financial Officer

# **RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**

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## **Board of Directors**

Shri Satish Sekhri - Chairman  
Shri Naresh Kumar Sethi  
Shri Arun Gupta  
Ms. Sandeep Kaur Riat  
Shri Manoj Kumar Jain  
Shri Rajiv Kumar Miglani

## **Manager**

Shri Ranjeet Singh Yadav

## **Chief Financial Officer**

Shri Mukesh Goyal

## **Company Secretary**

Shri Akash Goyal

## **Auditors**

Budhraj Adlakha & Co.  
Chartered Accountants  
(Firm Registration No.005154N)  
New Delhi (India)

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurugram - 122 001  
Haryana (India)

## **Gurugram Plant**

38 KM Stone,  
Delhi-Jaipur Highway  
Gurugram - 122 001  
Haryana (India)

## **Manesar Plant**

Plot No. 84, Sector-8  
IMT Manesar,  
Gurugram-122 050,  
Haryana (India)

## **Sanand Plant**

Plot No. D-2, TML Vendor  
Park, Survey No.-1,  
Village - Northcotepura,  
Taluka-Sanand, District -  
Ahmedabad, Gujarat(India)



*Budhraj Aclakha & C*  
*Chartered Accountant.*

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF  
Rico Aluminium and Ferrous Auto Components Limited  
(Formerly Known as Ra Autacom Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Rico Aluminium And Ferrous Auto Components Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

The Company's management is responsible for the preparation of these financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The management is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



3/31, W.P.A., Kanoj Bagh, New Delhi, Delhi-110005  
Phone : 011-25767960, 25767970, Fax : 011-25714237 • E-mail : budh.ath@gmail.com



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and cash flow statement dealt with by this Report are in agreement with the books of account ;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified).and



- e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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 Auditor's) 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 does not have any pending litigations as on the date of the financial statements.
  - ii. The Company does not have any material foreseeable losses on long-term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in its Notes to Accounts as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 40 to the financial statements.

Place: New Delhi  
Date: 25<sup>th</sup> May 2017



For Budhraj Adlakha & Co.  
Chartered Accountants  
Firm's Reg. No.: 005154N

CA Rahoo Adlakha  
(Partner)  
Memb. No.: 083788

Annexure –A to the Auditor's Report

*Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date.*

**Ré: Rico Aluminium and Ferrous Auto Components Limited**

- i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) All fixed assets 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) As explain to us and on the basis of our examination of the records of the Company, the company does not have any immovable property. Accordingly, Paragraph 3(i) (c) order is not applicable.
- ii) (a) Inventories (excluding stocks with third parties) have been physically verified by the management during the year. In respect of inventory lying with the third parties, these have substantially been confirmed by them. In our opinion, the frequency of such verification is reasonable.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii)(a) (b) and (c) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v). The company has not accepted any deposits.



- vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income tax and other material statutory dues, as applicable, with appropriate authorities.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Service Tax, Cess which were outstanding, as at March 31, 2017 for a period of more than six months, from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of Income tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, and Cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in the repayment of dues to the financial institution as at the balance sheet date.
- ix) The company has not raised any money by way of initial public offer or further public offers (including debt instruments). As per the information and explanations given to us, the company has applied the term loans, raised for the purpose for which they were obtained.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xlii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable



and details of such transactions have been disclosed in notes to accounts in the financial statements as required by the applicable accounting standards.

- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Budhraj Adlakha & Co.  
Chartered Accountants  
Firm's Reg. No.: 005154N



CA Rahool Adlakha  
(Partner)  
Memb. No.: 083788

Place: New Delhi  
Date: 25<sup>th</sup> May 2017

## Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Rico Aluminium and Ferrous Auto Components Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

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

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



### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Budhraj Adlakha & Co.  
Chartered Accountants  
Firm's Reg. No.: 005154N



CA Rahoo Adlakha  
(Partner)  
Memb. No.: 083788

Place: New Delhi  
Date: 25<sup>th</sup> May 2017

RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED  
(FORMERLY KNOWN AS RAA AUTOCOM LTD.)  
BALANCE SHEET AS AT MARCH 31, 2017

	Notes	As at March 31, 2017 {Rs.}	As at March 31, 2016 {Rs.}
<b>I. EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	3	460,500,000	460,500,000
Reserves & Surplus	4	8,262,090	5,656,820
		<u>468,762,090</u>	<u>466,156,820</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Borrowings	5		2,897,000
Deferred Tax Liabilities (Net)	6	6,528,155	4,458,177
Other Long-Term Liabilities	7	1,234,820	1,400,180
Long-Term Provisions	8	72,183,024	50,599,000
		<u>79,945,999</u>	<u>69,354,657</u>
<b>CURRENT LIABILITIES</b>			
Trade Payables	9		5,976,356
- Payable to Micro and Small enterprises		3,082,396	
- Other Payable		378,189,403	282,440,258
Other Current Liabilities	10	62,905,841	77,803,019
Short-Term Provisions	11	16,311,269	17,717,939
		<u>460,488,909</u>	<u>383,937,522</u>
<b>TOTAL {Rs.}</b>		<u>1,009,196,998</u>	<u>919,449,049</u>
<b>II. ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
- Tangible Assets	12	426,078,492	275,291,511
- Intangible Assets	12	2,979,333	3,977,925
- Capital Work-in-Progress		12,158,591	87,744,792
Long-term Loans & Advances	13	134,283,464	132,683,781
		<u>575,499,880</u>	<u>499,698,009</u>
<b>CURRENT ASSETS</b>			
Current Investments	14	35,011,164	35,011,164
Inventories	15	171,293,680	205,709,260
Trade Receivable	16	532,406	54,677,355
Cash and Cash Equivalents	17	10,740	30,661
Short-Term Loans & Advances	18	226,749,128	124,322,600
		<u>433,697,118</u>	<u>419,751,040</u>
<b>TOTAL {Rs.}</b>		<u>1,009,196,998</u>	<u>919,449,049</u>

Summary of significant accounting policies

2.1

The accompanying notes (1 to 42) are an integral part of the financial statements.

As per our report of even date  
For Budhraj Adlakha & Co.  
Firm Registration No : 005154N  
Chartered Accountants

  
CA Rahool Adlakha  
Partner  
Membership No.083788

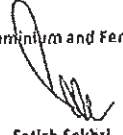


Place : Gurugram  
Date : 25th May, 2017

For and on behalf of the Board of Directors of Rico Aluminium and Ferrous  
Auto Components Ltd.

  
Rajiv Kumar Miglani  
Director  
(DIN- 06873155)

  
Mukesh Goyal  
Chief Financial Officer

  
Satish Sekhri  
Director  
(DIN- 00211478)

  
Akash Goyal  
Company Secretary



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY KNOWN AS RAA AUTOCOM LTD.)**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017**

	Notes	As at March 31, 2017 (Rs.)	As at March 31, 2016 (Rs.)
<b>I. REVENUE</b>			
Revenue from Operations (Gross)	19	2,729,659,403	2,951,659,181
Less: Excise Duty		274,420,417	345,149,771
Revenue from Operations (Net)		2,455,238,986	2,606,509,410
Other Income	20	29,360,229	1,235,841
Total Revenue		2,484,599,215	2,607,745,251
<b>II. EXPENSES</b>			
Cost of Material and Components Consumed	21	993,765,242	1,119,836,071
Changes in Inventories of Finished Goods & Work in Progress	22	5,328,657	(2,067,094)
Employee Benefits Expenses	23	347,000,096	353,394,613
Finance Costs	24	1,264,722	6,516,586
Depreciation & Amortisation		52,766,313	95,073,969
Other Expenses	25	1,072,793,617	1,061,005,313
Total Expenses		2,472,918,647	2,573,750,458
Profit/(Loss) Before Exceptional Items and Tax		11,680,568	33,985,793
Exceptional Items	26	7,005,321	16,932,967
Profit/(Loss) before tax		4,675,247	17,052,826
Tax expenses:			
- Current tax		914,700	5,510,000
- MAT Credit Entitlement		(914,700)	5,510,000
- Deferred tax		2,069,978	3,270,617
Profit/(Loss) for the year		2,605,269	8,272,209
Earnings Per equity Share [Nominal Value of Share Rs. 10 March 31, 2016 (Rs. 10)]	27		
Basic		0.06	0.18
Diluted		0.06	0.18

Summary of significant accounting policies 2.1

The accompanying notes (1 to 42) are an integral part of the financial statements.

As per our report of even date  
For **Budhraj Adlakha & Co.**  
Firm Registration No : 005154N  
Chartered Accountants

**CA Rahool Adlakha**  
Partner  
Membership No.083788

Place : Gurugram  
Date : 25th May, 2017



For and on behalf of the Board of Directors of RICO Aluminium and Ferrous Auto Components Ltd.

**Rajiv Kumar Miglani**  
Director  
(DIN-06873155)

**Mukesh Goyal**  
Chief Financial Officer

**Satish Sekhri**  
Director  
(DIN-00211478)

**Akash Goyal**  
Company Secretary

**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
(FORMERLY KNOWN AS RAA AUTOCOM LTD.)  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 Rs.	March 31, 2016 Rs.
<b>A. Cash Flow From Operating Activities</b>		
Net Profit for the year	4,675,247	17,052,826
Add: Extraordinary Items	7,005,321	16,932,967
Net profit before extraordinary items and taxes	11,680,568	33,985,793
Non-cash adjustment to reconcile profit before tax to net cash flows;		
Depreciation and amortisation expenses	52,766,313	35,073,969
Loss/(Profit) on sale of assets	(5,751,752)	1,679,077
Interest Paid	1,161,394	6,418,786
Interest Received	(19,086,986)	(74,590)
Dividend Received	-	(145,938)
Operating profit before working capital changes	40,789,537	76,937,097
Adjustments for:		
Decrease/(Increase) in Long term Advances & current Assets	(48,966,562)	(164,080,327)
Decrease/(Increase) in Inventories	34,315,579	3,078,852
Increase/(Decrease) in Liabilities	90,559,002	310,622,650
Cash Generated From operations	116,697,557	226,558,273
Income Tax Paid	3,504,000	5,806,000
Cash Generated From operations before extraordinary items	113,193,557	220,752,273
Less : Extraordinary Items	(7,005,321)	(16,932,967)
Net Cash From Operating Activities after extraordinary items (A)	106,188,236	203,819,306
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets/addition to capital work in progress	(150,882,633)	(157,739,660)
Proceeds from sale of fixed assets	9,665,885	1,109,535
Purchase of Investments	-	(9,393)
Interest Received	19,086,986	74,590
Dividend Received	-	145,938
Net Cash used in Investing Activities (B)	(102,129,762)	(156,418,090)
<b>C. Cash Flow From Financing Activities</b>		
Repayment of Long Term Borrowings	(2,897,000)	(41,250,000)
Interest Paid	(1,181,394)	(6,418,786)
Net Cash from Financing Activities (C)	(4,078,394)	(47,668,786)
Net decrease in Cash and Cash Equivalents (A+B+C)	(10,921)	(268,469)
Add: Cash and Cash Equivalents at the beginning of the year	30,661	299,130
Cash and Cash Equivalents at the end of the year	10,740	30,661
<b>D. Components of cash and cash equivalents</b>		
Cash on Hand	10,740	30,661
With banks -	-	-
On Current Accounts	-	-
Total cash and cash equivalents (Refer Note No.-17)	10,740	30,661

**Notes :**

The cash flow statement has been prepared under indirect method set out in AS-3 notified under clause 2 of section 2 of the Companies Act.

**Summary of significant accounting policies**

2.1

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

As per our report of even date  
for Budhraj Adlakha & Co.  
Firm Registration No : D05154N  
Chartered Accountants

CA Rahool Adlakha  
Partner  
Membership No.083788

Place : Gurugram  
Date : 25th May, 2017



For and on behalf of the Board of Directors of Rico Aluminium and Ferrous Auto Components Ltd.

Rajiv Kumar Miglani  
Director  
(DIN- 06873155)

Mukesh Goyal  
Chief Financial Officer

Satish Sekhri  
Director  
(DIN- 00211478)

Akash Goyal  
Company Secretary

**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
(FORMERLY RAA AUTOCOM LIMITED)  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

**Note - 1: Corporate Information**

The Company was incorporated with Registrar of Companies, NCT of Delhi & Haryana vide CIN : U34300HR2008PLC037956 dated 27<sup>th</sup> May 2008, by the name of RAA Autocom Limited and has changed its name to Rico Aluminium and Ferrous Auto Components Limited on February 23, 2015 in the Financial Year 2014-15.

The Company has purchased a Ferrous Undertaking situated at Gurgaon and Manesar and Non-Ferrous Undertaking, situated at Sanand Gujarat from its Ultimate Holding Company Rico Auto Industries Limited, in March 2015 on a going concern basis.

**Note - 2: Basis of preparation**

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the company discussed more fully below.

**Note - 2.1: Summary of significant accounting policies**

**a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of Financial Statements and reported amount of income and expenses during the period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

**b. Revenue recognition**

**1) Revenue from sale of goods**

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realisation of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty but are exclusive of sale tax.



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

**2) Revenue from sale of services**

Service income comprising technical and other support services fee is recognised as per the terms of the agreement.

**3) Interest income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**4) Dividend income**

Dividend on investments is recognised when the right to receive dividend is established.

**5) Sale of Scrap**

Scrap is accounted for on sale basis.

**c. Fixed/Intangible Assets and depreciation/amortisation**

**1) Tangible assets**

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

"Any spare which forms significant part of a specified machine/equipment and is impacting life/functioning of that machine/equipment significantly are capitalized along with that related machine / equipment.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**2) Depreciation and amortisation:**

Depreciation on Plant and machinery\* are provided under straight line method based on useful life of the Asset as estimated by the management.

Spares parts ready for use are depreciated on straight line method based upon useful life of the main machine or as per technical estimate of the management.

Depreciation on other fixed assets (except for dies and moulds) is provided on written down value method based on useful life of the Asset as prescribed in Schedule II to the Companies Act, 2013.



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

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

*\*For the above class of assets, based on internal technical evaluation, the management believes that the useful lives assessed by management represent the best period over which management expects to use these assets. Hence, the useful life for these assets are different from the useful life as prescribed under Part C of Schedule II of the Companies Act 2013.*

**3) Intangible assets**

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of intangible assets exceeds five years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets which are not yet available for use, are tested for impairment annually, either individually or at the cash generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Following is the estimated economic life of intangible assets:

Nature of Intangible assets	Useful life of the intangible assets
Goodwill	5 Years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**4) Impairment of assets**

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**d. Inventories:**

Inventories are valued as follows:



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

**1) Raw materials and loose tools**

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.

**2) Work in progress**

Work in progress is valued at cost up to the stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

**3) Finished goods**

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

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

**e. Investments:**

Long term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. A provision for diminution is made to recognise a decline, other than temporary in the value of long term investments.

Current investments are stated at lower of cost and fair value determined on an individual basis.

**f. 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, Unavailed leaves, Provident Fund and Employee State Insurance scheme.

**1) 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



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has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

**2) Gratuity**

Gratuity is a post-employment benefit and 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, if any together with adjustments for unrecognised actuarial gains or losses. 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 profit and loss in the year in which such gains or losses arise, if any.

**3) Unavailed leaves**

The Company 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.

**g. Borrowings costs:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing cost directly attributable to the acquisition, construction or production of an assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**h. Foreign currency transactions:**

Foreign currency transactions, if any are recorded in line with following:



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**a. 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.

**b. 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.

**c. Exchange differences**

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense 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 in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets.

**1. Income tax**

Tax expense comprises current tax and deferred tax.

**1) Current tax**

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year as per the Income Tax Act, 1961.

Minimum Alternative Tax credit ("MAT credit") is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**2) Deferred tax**

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is





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virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**j. Leases**

**Operating leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**k. Provisions and contingencies**

The Company creates a provision when there is a present obligation 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. 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.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.



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**l. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

**m. Cash Flow Statement**

Cash flows are reported using the Indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



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	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
<b>Note 3 - SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
50000000 Equity Shares of Re. 10/- each ( Prev. Year 50000000 Equity Shares of Re. 10/- each )	500,000,000	500,000,000
<b>Issued, Subscribed And Paid-Up</b>		
46050,000 Equity Shares of Re. 10/- each fully paid up ( Prev. Year 46050000 Equity Shares of Re. 10/- each )	460,500,000	460,500,000
	<u>460,500,000</u>	<u>460,500,000</u>

**a) Reconciliation of shares outstanding at the beginning and at the end of reporting period**

	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	46050000	460,500,000	46050000	460,500,000
Issued during the year				
Outstanding at the end of the year	<u>46050000</u>	<u>460,500,000</u>	<u>46050000</u>	<u>460,500,000</u>

**b) Terms / rights attached to equity shares**

- The company has only one class of equity share, having per value of Rs.10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from shareholders

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

**c) Shares held by holding / ultimate company and / or their subsidiaries / associates**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Rico Investments Limited ,[ Holding Co.] and its nominees 46050000 equity shares @ Rs 10 each fully paid up (Previous year 46050000 equity shares @ Rs 10 each fully paid up)	460,500,000	460,500,000

**d) Details of shareholders holding more than 5% shares in the company**

	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of Rs 10/- fully paid Rico Investments Limited (Holding co.) and its nominees	46050000	100%	46050000	100%

**Note 4 - RESERVES AND SURPLUS**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Surplus/(deficit) in the statement of profit & loss As per last Balance Sheet	5,656,820	(2,615,389)
Add : Profit for the year	2,605,269	8,272,209
<b>Total (Rs.)</b>	<u>8,262,090</u>	<u>5,656,820</u>

**Note 5 - LONG TERM BORROWINGS**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
<b>Unsecured Loan</b>		
Term loan from financial institution <sup>1</sup>	2,897,000	14,547,393
	<u>2,897,000</u>	<u>14,547,393</u>
<b>The above amount includes</b>		
Amount disclosed under the head "Other Current liabilities" (Note -10)	(2,897,000)	(11,650,393)
<b>Total (Rs.)</b>	<u>-</u>	<u>2,897,000</u>

**Security Detail and Term of Repayment of Borrowings:**

1.Term loan from financial institution includes the liability taken over as part of undertaking purchased from Rico Auto Industries Limited to be repaid by Rico Auto Industries Limited to Tata Capital Financial Services Limited. Since the liability has been taken over as part of the purchase of undertaking repayment of the same will be made to Rico Auto Industries Limited by the company which in turn will make the payment to Tata Capital Financial Services Limited. The loan carries interest @ 13.50% p.a. and is repayable in Rs 9,70,000/- equal monthly instalments.



**Note 6 - DEFERRED TAX LIABILITY**

Fixed Assets: Impact of difference between tax depreciation &amp; depreciation charged in the financial reporting

Provision for gratuity

Provision for leave encashment

Rent equalisation reserve

VRS Benefits

Others

Total (Rs.)

March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
17,795,817	9,050,889
(2,686,615)	(98,616)
259,193	149,445
-	(712)
(5,164,096)	(4,478,838)
(3,676,144)	(163,991)
<b>6,528,155</b>	<b>4,458,177</b>

**Note 7 - OTHER LONG TERM LIABILITIES**

Security Deposits

Total (Rs.)

March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
1,234,820	1,400,480
<b>1,234,820</b>	<b>1,400,480</b>

**Note 8 - LONG TERM PROVISIONS**

Provision for Gratuity

Provision for Compensated Absences

Total (Rs.)

March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
57,315,745	47,165,000
14,867,279	13,434,000
<b>72,183,024</b>	<b>60,599,000</b>

**Note 9 - TRADE PAYABLE**

Trade Payables (Including acceptances)

- Payable to Micro and Small enterprises (refer note no. 33)

- Other Payable

Total (Rs.)

March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
3,082,396	5,976,356
378,169,403	282,440,258
<b>381,271,799</b>	<b>288,416,614</b>

**Note 10 - OTHER CURRENT LIABILITIES**

Current maturities of long-term debts (refer note no 5)

Rupee Loan (From a financial institution)

Statutory remittances :

- TDS payable

- Excise and service tax payable

- Provident fund &amp; ESIC payable

- VAT &amp; sales tax payable

Payable on purchase of fixed assets

Employee benefits payable

Security deposits

Advance from customers

Other liabilities

Total (Rs.)

March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
2,897,000	11,650,393
2,870,136	4,346,022
528,211	435,174
3,267,133	2,644,749
5,387,272	5,703,658
1,337,396	3,525,968
34,631,909	31,358,526
664,269	2,070,423
484,160	196,852
10,838,354	15,871,254
<b>62,905,841</b>	<b>77,803,019</b>

**Note 11 - SHORT TERM PROVISIONS**

Provision for bonus

Provision for gratuity

Provision for compensated absences

Provision for rent equalisation

Provision for Income Tax

Total (Rs.)

March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
12,060,176	12,612,543
2,291,196	1,056,000
1,045,197	543,000
-	2,396
914,700	3,504,000
<b>16,311,269</b>	<b>17,717,939</b>



RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED  
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 Fixed Assets Schedule as per Companies Act 2013

NOTE - 12 (TANGIBLE ASSETS)

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK		
	Total Cost As on 01.04.2016	Addition During the Year	Sale/Trf. During the Year	Effect of Foreign Curr. Exch. Diff.	Borrowing Cost Capitalised	Total Cost As on 31.03.2017	As on 01.04.2016	For The Year	On Sale/ Transfer	Up to 31.03.2017	As on 31.03.2017	As on 31.03.2016
FURNITURE & FIXTURES	1,766,136	-	-	-	-	1,766,136	554,489	418,002	-	992,491	773,645	1,211,647
PLANT & EQUIPMENT	290,026,224	179,480,187	5,002,620	-	-	464,503,791	31,541,001	49,191,624	1,207,787	79,525,738	384,978,093	258,481,322
DIES & MOULD	11,868,678	-	-	-	-	11,868,678	404,347	9,879	-	414,226	11,454,452	11,464,331
OFFICE EQUIPMENT	2,630,485	1,381,615	-	-	-	4,012,100	861,483	818,732	-	1,680,215	2,331,885	1,769,002
STORES & SPARES	-	25,035,604	-	-	-	25,035,604	-	465,995	-	465,995	24,569,619	-
VEHICLES	3,098,591	592,797	333,158	-	-	3,358,130	736,382	843,499	192,488	1,387,393	1,970,837	2,362,309
<b>SUB TOTAL</b>	<b>309,350,116</b>	<b>206,490,203</b>	<b>5,335,778</b>	<b>-</b>	<b>-</b>	<b>510,544,539</b>	<b>34,098,603</b>	<b>51,747,720</b>	<b>1,400,275</b>	<b>84,466,048</b>	<b>416,078,492</b>	<b>275,191,511</b>
NOTE - 12 (INTANGIBLE ASSETS)												
GOODWILL	4,992,932	-	-	-	-	4,992,932	1,015,007	998,592	-	2,013,599	2,979,333	3,977,925
<b>SUB TOTAL</b>	<b>4,992,932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,992,932</b>	<b>1,015,007</b>	<b>998,592</b>	<b>-</b>	<b>2,013,599</b>	<b>2,979,333</b>	<b>3,977,925</b>
<b>TOTAL CURRENT YEAR</b>	<b>314,383,047</b>	<b>206,490,203</b>	<b>5,335,778</b>	<b>-</b>	<b>-</b>	<b>515,537,471</b>	<b>35,113,610</b>	<b>52,766,312</b>	<b>1,400,275</b>	<b>86,479,647</b>	<b>419,057,825</b>	<b>279,169,436</b>
<b>PREVIOUS YEAR FIGURES</b>	<b>245,158,689</b>	<b>72,493,484</b>	<b>3,269,126</b>	<b>-</b>	<b>-</b>	<b>314,383,047</b>	<b>570,154</b>	<b>35,073,969</b>	<b>480,513</b>	<b>35,113,610</b>	<b>271,359,000</b>	



**Note 13 - LONG TERM LOANS AND ADVANCES**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Capital advances:		
Unsecured, considered good	879,286	2,241,650
Security deposits:		
Unsecured, considered good	375,000	375,000
Loans and advances to related parties:		
Unsecured, considered good <sup>1</sup>		
(i) Rilco Castings Ltd	133,029,178	130,067,131
<b>Total (Rs.)</b>	<b>134,283,464</b>	<b>132,683,781</b>

1. Loans and Advances shown above, are in nature of long term loans. The Loan carries Interest @ 10.50% p.a. on quarterly rest and is re-payable in five equal yearly instalments after a moratorium of two years. The first instalment commence from April 1, 2018 (Maximum amount outstanding Rs. 136192986/- (previous year Rs 130067131/-))

**Note 14 - CURRENT INVESTMENT (QUOTED)**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
(Valued at lower of cost and fair value unless stated otherwise)		
SBI saving fund - daily growth (1137611.38 Units @ 25.9554)	25,011,164	25,011,164
SBI saving fund - regular growth (459459.53 Units @ 25.3486)	10,000,000	10,000,000
<b>Total (Rs.)</b>	<b>35,011,164</b>	<b>35,011,164</b>
<b>Aggregate Amount of Market Value (NAV)</b>	<b>41,174,335</b>	<b>37,966,045</b>

**Note 15 - INVENTORIES**

(As valued and certified by the Management - cost or Realisable Value whichever is less)

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Raw Material & Components	21,773,563	26,958,411
Work-in-process	56,090,473	61,419,130
Goods in Transit-SFG		739,763
Stores & Spares	93,529,645	116,591,956
<b>Total (Rs.)</b>	<b>171,393,680</b>	<b>205,709,260</b>

**Note 16 - TRADE RECEIVABLE**

Unsecured, considered good  
- Outstanding for a period exceeding six months from the date they were due for payment  
- Other debts

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
	532,406	
		54,677,355
<b>Total (Rs.)</b>	<b>532,406</b>	<b>54,677,355</b>

**Note 17 - CASH AND CASH EQUIVALENTS**

Balances with Scheduled Banks  
- In Current Accounts  
Cash on hand

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
	10,740	30,661
<b>Total (Rs.)</b>	<b>10,740</b>	<b>30,661</b>

**Note 18 - SHORT TERM LOANS & ADVANCES**

(unsecured, considered good)

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Loans & Advances to Employee	3,878,055	2,852,071
Advance to Suppliers	19,279,952	39,842,652
Loans & Advances to others	101,031,917	-
Advance Income Tax	11,375,515	1,970,467
Prepaid Expenses	5,034,477	4,305,832
Security Deposit	88,000	70,000
Balance with statutory/ government authorities		
Service Tax	2,785,007	6,629,762
Excise Duty	79,645,744	67,870,490
Sales Tax	97,941	52,391
MAT credit entitlement receivable	1,588,700	674,000
Others	1,943,821	54,936
<b>Total (Rs.)</b>	<b>226,749,128</b>	<b>124,322,600</b>



## NOTE 19 - REVENUE FROM OPERATIONS

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
<b>Sale of products and services</b>		
Domestic sales	2,230,713,900	2,828,444,014
Job work	470,122,098	98,947,682
<b>Other operating revenues</b>		
Sales - Scrap	23,501,715	17,425,853
Miscellaneous sales	5,321,690	6,841,633
<b>Revenue from operations (gross)</b>	<b>2,729,659,403</b>	<b>2,951,659,181</b>
Less: Excise duty	274,420,417	345,149,771
<b>Revenue from operations (net)</b>	<b>2,455,238,986</b>	<b>2,606,509,410</b>
<b>a) Details of products sale</b>		
Cap crank shaft	186,500,815	691,382,555
Bearing	187,356,677	949,260,452
Differential case	839,151,202	95,753,828
Duct exhaust gas		293,974,445
Rotor oil filter	240,822,362	798,072,732
Others	776,882,845	2,230,713,900
	<b>2,230,713,900</b>	<b>2,828,444,014</b>
<b>b) Details of services rendered</b>		
Machining work	470,122,098	98,947,682
	<b>470,122,098</b>	<b>98,947,682</b>

## NOTE 20 - OTHER INCOME

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Interest Income	19,086,986	74,590
Rent Received	4,170,000	
Dividend Income from Investments		145,938
Miscellaneous Income	259,920	940,537
Profit on Sale of Assets	5,751,752	
Foreign Exchange Gain (Net)	87,325	42,407
Balance Written Back (Net)	4,246	32,280
<b>Total (Rs.)</b>	<b>29,360,229</b>	<b>1,235,841</b>

## NOTE 21 - COST OF MATERIAL CONSUMED

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
<b>Raw Material &amp; Components</b>		
Inventory at the beginning of the year	26,958,411	49,154,656
Add: Purchase during the year	988,580,395	1,097,639,826
	1,015,538,805	1,146,794,482
Less: Inventory at the end of the year	21,773,563	26,958,411
<b>Cost of raw material and components consumed</b>	<b>993,765,242</b>	<b>1,119,836,071</b>
<b>Details of raw material and components consumed:</b>		
Steel scraps	378,670,635	388,600,671
Others	615,094,607	731,235,400
	<b>993,765,242</b>	<b>1,119,836,071</b>
<b>Details of Inventory</b>		
Steel scraps	2,160,512	517,889
Others	19,604,051	26,440,522
	<b>21,773,563</b>	<b>26,958,411</b>

## NOTE 22 - (INCREASE)/DECREASE IN INVENTORIES

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
<b>Work-in-Process</b>		
Inventories at the beginning of year	61,419,130	59,352,036
Inventories at the end of year	56,090,473	61,419,130
	5,328,657	(2,067,094)
<b>Finished Goods</b>		
Inventories at the beginning of year		
Inventories at the end of year		
<b>Changes in Inventories of finished goods &amp; work in progress</b>	<b>5,328,657</b>	<b>(2,067,094)</b>



**Details of Inventory:**

Work In progress	7,676,018	3,935,011
Rotor oil filter	14,995,933	1,159,814
Difference case	1,688,650	1,862,069
Cap Bearing	31,729,872	54,462,735
Others	56,090,473	61,410,130

**NOTE 23 - EMPLOYEE BENEFIT EXPENSES**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Salaries, wages and bonus	303,069,795	314,579,062
Contribution to provident and other funds	17,849,462	16,044,982
Gratuity expenses	10,497,143	7,915,261
Leave encashment	4,894,473	5,329,591
Staff welfare expenses	10,689,122	9,525,718
<b>Total (Rs.)</b>	<b>347,000,096</b>	<b>353,394,613</b>

**NOTE 24 - FINANCE COST**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Interest expenses	1,181,394	6,418,786
Bank charges	83,328	97,800
<b>Total (Rs.)</b>	<b>1,264,722</b>	<b>6,516,586</b>

**NOTE 25 - OTHER EXPENSES**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Consumption of stores & spare parts	27,691,930	35,980,680
Mechanical spares consumed	13,862,580	14,923,007
Electrical spares consumed	83,683,565	81,510,364
Consumable tools consumed	96,113,395	94,459,470
Others stores & spares consumed	517,230,337	514,320,935
Power & Fuel	135,853,409	113,252,094
Sub Contractor Expenses	92,513,445	92,485,560
Rent	1,126,727	2,379,046
Repairs and Maintenance - Buildings	12,283,331	14,440,287
Repairs and Maintenance - Machinery	4,043,443	1,414,023
Repairs and Maintenance - Others	10,867,329	11,036,394
Insurance	219,048	1,227,524
Rates & Taxes	320,000	
Directors Sitting fee	2,244,519	2,091,989
Travelling & Conveyance	51,596,508	52,883,936
Professional Charges	4,879,305	5,191,984
Vehicle Running & Maint. Expenses	1,635,690	1,913,456
Printing & Stationery	751,314	980,800
Communication Expenses	7,921,760	7,167,691
Freight Outward Expenses	306,394	166,616
Staff Recruitment & Training	1,811,000	1,795,200
D.G.Hire Charges A/C	4,000	
Membership & Subscription	70,700	15,458
Testing Charges	2,220,097	8,414,935
Line Rejection, Re-Work Charges		1,679,077
Loss on Sale / Discard of Assets	11,425	20,440
Prior Period Items (Net)	2,928,665	614,945
Swachh Bharat Cess & KKC paid	42,951	136,198
Miscellaneous Expenses		
Payment to the Auditors comprises:		
Audit fee	475,000	475,000
For Taxation Matters	25,000	25,000
Reimbursement of Expenses	40,750	8,205
<b>Total (Rs.)</b>	<b>1,072,793,617</b>	<b>1,061,005,313</b>

**NOTE 26 - EXCEPTIONAL ITEMS**

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Volunteer retirement scheme expenses	7,005,321	16,932,967
<b>Total (Rs.)</b>	<b>7,005,321</b>	<b>16,932,967</b>





**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2017**

**Note - 27: Earning per share (EPS)**

Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:

	<u>31st March 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Net Profit as per Statement of Profit & Loss (Rs.)	2,605,269	8,272,209
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	46,050,000	46,050,000
Number of shares - Diluted (Nos.)	46,050,000	46,050,000
Basic Earning Per share (Rs.)	0.06	0.18
Diluted Earning Per share (Rs.)	0.06	0.18

**Note - 28: Retirement and Other Employee Benefits**

**a) Provident fund and other funds**

Employers contribution to provident fund  
Employers contribution to ESF

	<u>31st March 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Employers contribution to provident fund	16,237,871	14,735,730
Employers contribution to ESF	1,434,415	1,119,916

**b) Gratuity Plan:**

**I (i) Change in Present Value of benefit obligations :**

Present value of obligation at the beginning  
Current Service Cost  
Acquisition Cost  
Interest Cost  
Actuarial (gain)/ loss  
Benefits Paid  
Present value of obligations at the end

	<u>31st March 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Present value of obligation at the beginning	48,221,000	45,922,000
Current Service Cost	5,045,231	4,643,000
Acquisition Cost	-	-
Interest Cost	3,854,937	3,455,000
Actuarial (gain)/ loss	4,607,515	(341,000)
Benefits Paid	(2,121,742)	(5,458,000)
Present value of obligations at the end	59,606,941	48,221,000

**(ii) Change in plan assets :**

Fair value of plan assets at the beginning  
Expected return on plan assets  
Employer's Contributions  
Benefits Paid  
Actuarial Gain  
Fair value of plan assets as on at the end

	<u>31st March 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Fair value of plan assets at the beginning	-	-
Expected return on plan assets	-	-
Employer's Contributions	-	-
Benefits Paid	-	-
Actuarial Gain	-	-
Fair value of plan assets as on at the end	-	-

**(iii) Net Liabilities/ (Assets) (I-i)**

	<u>59,606,941</u>	<u>48,221,000</u>
--	-------------------	-------------------

**(iv) Net gratuity expense recognised in the statement of profit and loss account**

Current Service Cost  
Interest cost  
Expected return on plan assets  
Actuarial (gain)/Loss recognised in the year  
Net gratuity cost

	<u>31st March 2017</u>	<u>31st March, 2016</u>
	(Rs.)	(Rs.)
Current Service Cost	5,045,231	4,643,000
Interest cost	3,854,937	3,455,000
Expected return on plan assets	-	-
Actuarial (gain)/Loss recognised in the year	4,607,515	(341,000)
Net gratuity cost	<u>13,507,683</u>	<u>7,757,000</u>



RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED  
 NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2017

c) Leave Encashment Plan:

ii (i) Change In Present Value of benefit obligations :

	31st March 2017 (Rs.)	31st March, 2016 (Rs.)
Present value of obligation at the beginning	13,977,000	14,429,000
Current Service Cost	2,064,355	5,529,000
Acquisition Cost		
Interest Cost	1,117,365	931,000
Actuarial (gain)/ loss	4,003,399	(1,339,000)
Benefits Paid	(5,249,643)	(5,573,000)
Present value of obligations at the end	15,912,476	13,977,000

(ii) Change in plan assets :

	31st March 2017 (Rs.)	31st March, 2016 (Rs.)
Fair value of plan assets at the beginning	-	-
Expected return on plan assets	-	-
Employer's Contributions	-	-
Benefits Paid	-	-
Actuarial Gain	-	-
Fair value of plan assets at the end	-	-

(iii) Net Liability/(Assets) (i-ii)

15,912,476	13,977,000
------------	------------

(iv) Net Leave Encashment for the year ended :

	31st March 2017 (Rs.)	31st March, 2016 (Rs.)
Current Service Cost	2,064,355	5,529,000
Interest cost	1,117,365	931,000
Expected return on plan assets	-	-
Actuarial (gain)/Loss recognised in the year	4,003,399	(1,339,000)
Net Leave Encashment cost	7,185,119	5,121,000

Principal Actuarial Assumptions

The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below :

	31st March 2017 Rate %	31st March 2016 Rate %
Discount rate	7.40	8.00
Salary escalation rate	6.25	7.00
Expected rate of return on plan assets	-	-

Note - 29: Leases

The lease rentals charged for the year ended March 31, 2017 and March 31, 2016 and maximum obligation under long term, non-cancelable operating lease payable as per the rentals stated in the respective agreements are as follows:

	31st March 2017 (Rs.)	31st March 2016 (Rs.)
Lease rentals recognized during the year	12,913,525	14,087,482
Lease obligation payable:		
Within one year of the Balance Sheet date	-	14,047,688
Due in period between one year and Five years	-	11,776,966
Due after five years	-	NIL



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2017**

**Note - 30: Related party disclosures**

**Names of related parties and related party relationship**

i) Related parties where control exists	Description of Relationship
Rico Auto Industries Ltd	Ultimate holding company
Rico Investments Ltd.	Immediate Holding Company
Rico Jinfle Wheels Ltd	Fellow subsidiary
RASA Autocom Ltd	Fellow subsidiary
AAN Engineering Industries Ltd	Under common management
Uttarakhand Automotives Limited	Under common management
Rico Auto Industries Inc. (USA)	Under common management
Rico Auto Industries (UK) Ltd.	Under common management

**ii) Key Management personnel**

Details of Key Managerial personnel are as under :

Name of key persons

Mr. Akash Goyal

Mrs. Manpreet Kaur Kochhar

Shri Mukesh Goyal

Shri Ranjeet Singh Yadav

Company Secretary (from November 3, 2016)

Company Secretary (upto November 2, 2016)

Chief Financial Officer

Manager

**Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	<u>31st March 2017</u>	<u>31st March 2016</u>
	(Rs)	(Rs)
<b>i). Rico Auto Industries Ltd.</b>		
Transactions during the year		
Sale of Finished / Unfinished Goods	2,288,412,512	2,828,444,014
Job Work Income	470,122,108	98,422,752
Purchase of Raw Material /consumables/store	213,958,681	216,419,153
Purchase of Capital Goods	33,283,273	4,249,398
Sale of Capital Goods	352,870	-
Support service expenses	55,748,052	55,138,183
Rent income	4,795,500	-
Rent paid	90,050,531	89,258,312
Interest paid	1,024,280	2,971,567
Loan taken	-	-
Balance written off during the year	-	-
Capital advance taken	-	-
Reimbursement of Expenses (Paid)	515,383,806	489,137,312
Assets / liabilities purchased under slump sale	-	-
Amount payable	125,857,027	-
Amount receivable	-	54,162,924
<b>ii). AAN Engineering Industries Ltd</b>		
Transactions during the year		
Job Work Income	-	524,930
Purchase of Raw Material /consumables/store	806,845	-
Sale of Consumable / Stores	145,307	-
Amount payable	145,547	-
Amount receivable	-	514,431
<b>iii). Rico Jinfle Wheels Ltd.</b>		
Transactions during the year		
Purchase of Raw Material / /consumables/store	-	236,949
Amount payable	-	236,949
Amount receivable	-	-



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2017**

**iv). Rico Investments Ltd.**

**Transactions during the year**

Interest paid	-	3,163,692
Loan taken	-	5,000,000
Sum received as Investment in equity	-	-
Loan repaid	-	34,610,000
Amount payable	-	-
Amount receivable	-	-

**v). Rasa Autocom Ltd.**

**Transactions during the year**

Sale of Capital Goods	676,716	-
Purchase of Consumable	1,829	-
Amount payable	-	-
Amount receivable	532,407	-

**viii). Key Management Personnel**

**Remuneration paid to Key Management Personnel**

Mr. Ranjeet Singh Yadav	3,449,163	1,996,508
Ms. Manpreet Kaur Kochhar	332,826	349,656
Mr. Akash Goyal	98,157	-
Mr. Mukesh Goyal	1,916,121	1,100,634
	<u>5,796,267</u>	<u>3,446,798</u>

**Note - 31: Capital and other commitments**

Estimated amount of contracts remaining to be executed on account of capital commitment Rs. 1,63,80,833/- (previous year Rs. 25,98,500/-) net of advance Rs.9,29,506/- (previous year Rs. 2,72,500/-)

**Note - 32: Contingent Liabilities**

	<u>As at 31.03.2017</u>	<u>As at 31.03.2016</u>
	Rs.	Rs.
a) Claims not acknowledged by the Company relating to cases contested by the Company and which, in the opinion of the Management, are not likely devolve on the Company relating to the following areas :	NIL	NIL
b) Demand against the company acknowledged as liability i.e. Income Tax, Sales Tax etc.	NIL	NIL



RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2017

Note - 33: Detail of dues to micro and small enterprises as defined under the MSME Act, 2006

In Pursuance of Micro, Small & Medium Enterprises Development Act, 2006 the names of the enterprises to whom the Company owes any sum which is outstanding at the year end are as follows :

	As at 31.03.2017		As at 31.03.2016	
	Principal	Interest	Principal	Interest
1. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	3,082,396	-	5,976,356	-
2. The amount of interest paid by the buyer in terms of section 16 of MSME Act along with the amounts of the payment made to the suppliers beyond the appointed day during each accounting year ;	-	-	-	-
3. 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 MSME Act;	-	-	-	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-	-
5. 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 enterprises for the purpose of disallowance as a deductible expenditure section 23 of MSME Act.	-	-	-	-

Note - 34: Value of Imports calculated on CIF basis

	31st March 2017	31st March 2016
	Rs.	Rs.
Raw Material & Components	2,740,767	4,733,181
Consumable Stores	4,416,887	10,338,390
Capital Goods	4,533,092	-

Note - 35: Income in Foreign Currency (Accrual Basis)

	31st March 2017	31st March 2016
	Rs.	Rs.
Export Sales	-	-

Note - 36: Expenditure in Foreign Currency (Accrual Basis)

	31st March 2017	31st March 2016
	Rs.	Rs.
Foreign Travels	127,409	82,598

Note - 37: Imported and Indigenous raw material, components and spares parts consumed

	31st March 2017		31st March 2016	
	% of total	Value in Rs.	% of total	Value in Rs.
Raw Material				
Indigenous	100	839,748,706	100	968,313,568
Imported	-	-	-	-
Components				
Indigenous	97	154,381,643	98	146,300,728
Imported	3	4,963,562	2	3,154,681
Stores & Spares				
Indigenous	98	217,143,497	97	219,942,326
Imported	2	4,227,972	3	6,931,194



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2017**

**Note - 38: Segment wise revenue, results and capital employed**

a. As the Company's business activity falls within a single primary business segment viz. "manufacturing and sale of auto components for two wheelers and four wheelers", hence, the company has only one primary reportable business segment.

b. Secondary segment: Geographical- No such reporting required as company is operating in India only.

**Note - 39: Current Assets, Loans and Advances**

In the opinion of the Board of Directors, current assets, loans and advances are having the value at which they are stated in the Balance Sheet, if realized in the ordinary course of business save as otherwise stated in this Balance Sheet.

**Note - 40 : Details of Specified Bank Notes**

The details of Specified Bank Notes (SBN) held and transacted during the period 08th November 2016 to 30th December 2016 are as under-

Particulars	Specified Bank Notes (SBNs)			Other denominations	Total
	Units of Rs. 500/-	Units of Rs. 1000/-	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Closing cash in hand as on 08.11.2016	221	-	110,500	66,820	177,320
Transactions between 9th November 2016 and 30th December 2016					
(+) Permitted receipts				178,000	178,000
(-) Permitted payments				(210,620)	(210,620)
(-) Amount deposited in Banks	221	-	(110,500)	-	(110,500)
Closing cash in hand as on 30.12.2016					34,200

**Note - 41 : Effect due to capitalisation of Spare Parts etc.**

Ministry of Corporate Affairs on 30th March 2016 has notified rules to amend The Companies (Accounting Standards) Rules 2006, pursuant to which Accounting Standard 2 (Valuation of Inventories) and Accounting Standard 10 (Property, Plant and Equipment) are amended to extent to treating spare parts, servicing equipment etc, which meet the definition of Property, Plant and Equipment, as per Accounting Standard 10, Such are capitalised, as per Accounting Standard 10, instead of treating them as a part of inventory.

Consequent to above amendment in Accounting Standard 2 (Valuation of Inventories) & Accounting Standard 10 (Property, Plant & Equipment), of treating inventory as part of Property, Plant & equipment, the profit of the company for the year ended 31st March 2017 is higher by Rs. 19,79,535/-

**Note-42: Previous year figures**

- Corresponding figures for the previous year have been regrouped / rearranged, wherever necessary to conform to current year classification.



For Budhraj Adlakha & Co.  
 Chartered Accountants  
 Firm Registration No :005154N  
 CA Rahoo Adlakha  
 Partner  
 Membership No. 083788

Place : Gurugram  
 Date: 25th May, 2017

For and on behalf of the Board of Directors of Rico Aluminium and Ferrous Auto Components Ltd.

*Rajiv Kumar Miglani*  
 Rajiv Kumar Miglani  
 Director  
 (DIN- 06873155)

*Mukesh Goyal*  
 Mukesh Goyal  
 Chief Financial Officer

*Satish Sekhri*

Satish Sekhri  
 Director  
 (DIN- 00211478)

*Akash Goyal*  
 Akash Goyal  
 Company Secretary

# **RICO JINFEI WHEELS LIMITED**

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## **Board of Directors**

Shri Arvind Kapur - Chairman  
Shri Rakesh Kapur - Managing Director  
Smt. Upasna Kapur  
Shri Arun Gupta  
Ms. Sandeep Kaur Riat  
Shri Om Prakash Aggarwal  
Shri Naresh Kumar Sethi

## **Chief Financial Officer**

Shri Mahesh Kumar Raghav

## **Company Secretary**

Shri Heera Lal

## **Auditors**

Walker Chandiok & Co LLP  
(Formerly Walker, Chandiok & Co),  
Chartered Accountants  
Firm Registration No.001076N/N500013  
New Delhi (India)

## **Bankers**

Axis Bank Ltd.

## **Registered Office**

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

## **Manesar Plant**

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

## **Bawal Plant**

Plot No. 22, Phase-II,  
Sector-5, Bawal,  
Haryana (India)

## **Independent Auditor's Report**

**To the Members of Rico Jinfei Wheels Limited**

### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of Rico Jinfei Wheels Limited (the Company), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.



4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

9. 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.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- 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 March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 25, 2017 as per Annexure B expressed unmodified opinion;
- 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 does not have any pending litigation which would impact its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. the Company, as detailed in Note 40 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the company.

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

per **Ashish Gupta**  
Partner  
Membership No.: 504662

Place: Gurugram  
Date: May 25, 2017

**Annexure A to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2017**

**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 fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in 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 'fixed assets') are held in the name of the Company, except for land acquired from HSIIDC, which is pending registration, refer note 27 of the financial statement.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (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, though there has been a slight delay in few cases. 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.

**Annexure A to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2017**

- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any dues payable to government or outstanding debentures during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- (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) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (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 accounting standards.
- (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 Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**  
Partner  
Membership No.: 504662

Place: Gurugram  
Date: May 25, 2017

**Rico Jinfei Wheels Limited**  
Balance sheet as at March 31, 2017

	Notes	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	380,000,000	380,000,000
Reserves and surplus	4	<u>(308,949,788)</u>	<u>(308,332,951)</u>
		<b><u>71,050,212</u></b>	<b><u>71,667,049</u></b>
<b>Non current liabilities</b>			
Long term borrowings	5	339,161,904	321,403,632
Other long term liabilities	6	502,463	468,963
Long term provisions	7	5,818,201	5,041,361
		<u>345,482,568</u>	<u>326,913,956</u>
<b>Current liabilities</b>			
Short term borrowings	8	45,989,878	12,365,079
Trade payables	9		
Due to micro, small and medium enterprises		704,529	478,706
Other payables		93,374,206	69,527,747
Other current liabilities	10	11,052,966	10,906,958
Short term provisions	11	488,255	228,142
		<u>151,609,834</u>	<u>93,506,632</u>
<b>Total</b>		<b><u>568,142,615</u></b>	<b><u>492,087,637</u></b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	295,248,513	301,143,732
Capital work-in-progress		74,304,424	67,246,219
Long term loans and advances	13	54,369,175	6,043,407
Other non current assets	14	1,056,871	917,245
		<u>424,978,983</u>	<u>375,350,603</u>
<b>Current assets</b>			
Inventories	15	44,586,742	47,268,264
Trade receivables	16	79,394,491	20,096,117
Cash and bank balances	17	2,734,330	1,704,579
Short term loans and advances	18	16,448,067	47,668,074
		<u>143,163,630</u>	<u>116,737,034</u>
<b>Total</b>		<b><u>568,142,613</u></b>	<b><u>492,087,636</u></b>

The accompanying notes (1 to 41) are an integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
**Rico Jinfei Wheels Limited**

per **Ashish Gupta**  
Partner

**Om Prakash Aggarwal**  
Director  
(DIN:01537211)

**Rakesh Kapur**  
Managing Director  
(DIN:00100359)

Place: Gurugram  
Date: May 25, 2017

**M.K. Raghav**  
Chief Financial Officer

**Manupreet Singh Batra**  
Company Secretary

**Rico Jinfei Wheels Limited**  
Statement of profit and loss for the year ended March 31, 2017

		Year ended March. 31, 2017	(Amount in ₹) Year ended March 31, 2016
<b>Revenue</b>			
Revenue from operations (gross)	19	875,358,653	831,930,806
Less: Excise duty		97,708,788	94,350,754
Revenue from operations (net)		777,649,865	737,580,052
Other income	20	1,989,465	1,753,477
<b>Total revenue</b>		<b>779,639,330</b>	<b>739,333,528</b>
<b>Expenses</b>			
Cost of materials consumed	21	489,133,177	417,827,448
Purchases of traded goods		-	44,462,105
Change in inventories of work in progress and traded goods	22	1,771,108	8,351,987
Employee benefit expenses	23	48,903,904	36,905,212
Finance costs	24	3,257,939	3,342,487
Depreciation expense	12	30,352,141	29,126,698
Other expenses	25	206,837,900	202,648,647
<b>Total expenses</b>		<b>780,256,167</b>	<b>742,664,584</b>
<b>Loss before tax</b>		<b>(616,837)</b>	<b>(3,331,055)</b>
<b>Tax expense</b>			
Current tax		-	-
Less : MAT credit entitlement		-	-
<b>Loss for the year</b>		<b>(616,837)</b>	<b>(3,331,055)</b>
<b>Earning per share</b>			
Basic and diluted earning per equity share [nominal value of share March 31, 2017 : ₹ 10 (March 31, 2016 : ₹ 10)]	26	(0.02)	3.33

The accompanying notes (1 to 41) are an integral part of the financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of  
Rico Jinfei Wheels Limited**

per **Ashish Gupta**  
Partner

**Om Prakash Aggarwal**  
Director  
(DIN:01537211)

**Rakesh Kapur**  
Managing Director  
(DIN:00100359)

Place: Gurugram  
Date: May 25, 2017

**M.K. Raghav**  
Chief Financial Officer

**Manupreet Singh Batra**  
Company Secretary

## **Rico Jinfei Wheels Limited**

### **Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

#### **1. CORPORATE INFORMATION**

Rico Jinfei Wheels Limited (“the Company”) was incorporated in July 16, 2007 as an unlisted public company under the Companies Act 1956, having registered office at 38 K.M. Stone, Delhi-Jaipur Highway, Village Khandsa, Gurgaon, Haryana-122001 and conducting its main activity through its Plant at 397, Sector 8, IMT Manesar, Haryana.

The main business of Company is to carry on business of designing, engineering, manufacturing, assembling , buying, selling, exporting, importing and dealing in wholesale & retail in wheels of all descriptions .

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **i) Basis of preparation**

The financial statements have been prepared on going concern basis under the historical cost basis, in accordance with the generally accepted accounting principles in India and in compliance with the applicable accounting standards as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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. The accounting policies have been consistently applied by the Company.

##### **ii) Use of estimates**

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

##### **iii) Revenue recognition**

###### **a. Revenue from sale of goods**

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realization of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

###### **b. Interest income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

## **Rico Jinfei Wheels Limited**

### **Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

#### **iv) Fixed assets and intangibles:**

##### *Tangible assets*

Tangible fixed assets are stated at cost less accumulated depreciation. 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 fixed assets is allocated/capitalised with the related fixed assets.

#### **v) Depreciation and amortisation:**

Depreciation on building and plant and equipment is provided on the straight-line 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 subject to transitional provisions of Schedule II. However for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years

Depreciation on other fixed assets 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 subject to transitional provisions of Schedule II.

Dies are valued at cost less amortisation based on useful life of the items ascertained on a technical estimate by the management.

Depreciation on fixed assets acquired/ disposed off during the year is recorded on a pro-rata basis with reference to the date of acquisition/ disposal.

#### **vi) Inventories:**

Inventories are valued as follows:

##### *a. Raw materials and loose tools*

Lower of cost or net realizable 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.

##### *b. Work in progress*

Work in progress is valued at cost up to stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

##### *c. Finished goods*

Finished goods are valued at lower of cost or net realizable value. Cost includes direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods includes excise duty.

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



## **Rico Jinfei Wheels Limited**

### **Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

#### **vii) Employee benefits:**

Wages, salaries and bonuses are accrued in the year in which the associated services are rendered by employees of the Company.

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into a fund established under Employees Provident Fund and Miscellaneous Provision Act, 1952. 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 plan are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The legal obligation for any benefits from this kind of plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. All actuarial gains and losses are recorded through the statement of profit and loss.

The liability for employees compensated absences is provided for in accordance with the rules of the Company and is based on actuarial valuations made using projected unit method at the balance sheet date. Actuarial gain and losses are routed through the statement of profit and loss.

#### **viii) Borrowings costs:**

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time to be ready for the intended use 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.

#### **ix) Foreign currency transactions:**

##### *a) 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.

##### *b) 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.

## Rico Jinfei Wheels Limited

### Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

c) *Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on long term foreign currency monetary items.

Exchange differences arising on long term foreign currency monetary items in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets.

x) **Taxation**

Tax expense comprises current tax and deferred tax.

a) *Current tax*

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

b) *Deferred tax*

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, in a situation of brought forward losses and depreciation, deferred tax assets are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

xi) **Leases**

a) *Operating leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

b) *Finance leases*

Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to statement of profit and loss on accrual basis.

xii) **Provisions and contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of economic resources and a reliable estimate can be made of the amount of the obligation. 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.

## **Rico Jinfei Wheels Limited**

### **Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### **xiii) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

#### **xiv) Impairment of assets**

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**Rico Jinfei Wheels Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>3 Share capital</b>		
<b>Authorised</b>		
73,000,000 (previous year 73,000,000 ) equity shares of ₹ 10 each	730,000,000	730,000,000
	<b>730,000,000</b>	<b>730,000,000</b>
<b>Issued, subscribed and paid-up</b>		
38,000,000 (previous year 38,000,000) equity shares of ₹ 10 each	380,000,000	380,000,000
	<b>380,000,000</b>	<b>380,000,000</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

	As at March 31, 2017	As at March 31, 2016
<b>Particulars</b>	No. of Shares	No. of Shares
At the beginning of the year	38,000,000	38,000,000
Shares issued during the year	-	-
<b>Balance at the end of the year</b>	<b>38,000,000</b>	<b>38,000,000</b>

**b) Details of shares held by Holding Company**

	As at March 31, 2017	%	As at March 31, 2016	%
<b>Name of the shareholder</b>	<b>Number</b>		<b>Number</b>	
Rico Investments Limited ( immediate Holding Company )	35,525,000	93.49%	35,525,000	93.49%

**c) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. 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.

**d) Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2017	%	As at March 31, 2016	%
<b>Name of the shareholders</b>	<b>Number</b>		<b>Number</b>	
Rico Investments Limited ( immediate Holding Company )	35,525,000	93.49%	35,525,000	93.49%
Zhejiang Jinfei Kaida Wheel Company Limited	2,475,000	6.51%	2,475,000	6.51%
	<b>38,000,000</b>	<b>100.00%</b>	<b>38,000,000</b>	<b>100.00%</b>

**e) The Company has not issued bonus shares and also no share has been bought back during the period of five years immediately preceding the reporting period. However, during the year ended March 31, 2013, Company has issued 1,725,000 equity shares for ₹ 10 each to Zhejiang Jinfei Machinery Group Company Limited for consideration other than cash.**

The above information is furnished as per the shareholder register as on March 31, 2017 and March 31, 2016 as the case may be.

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**Rico Jinfei Wheels Limited**  
Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>4 Reserves and surplus</b>		
<b>Deficit in the statement of profit and loss</b>		
As per last balance sheet	(308,332,951)	(305,001,896)
Add : Loss transferred from statement of profit and loss	(616,837)	(3,331,055)
	<b>(308,949,788)</b>	<b>(308,332,951)</b>
<b>5 Long term borrowings</b>		
<b>Secured</b>		
From financial institution		
Vehicle loan	4,161,904	-
<b>Unsecured</b>		
Loan from holding company	335,000,000	321,403,632
	<b>339,161,904</b>	<b>321,403,632</b>
<b>A Secured vehicle loan</b>	<b>As at</b>	<b>As at</b>
<b>i Party name</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Kotak Mahindra Prime Limited	5,025,364	-
Less: Current maturities of long term borrowings (refer note 10)	863,460	-
	<b>4,161,904</b>	<b>-</b>
Vehicle loans are secured by hypothecation of vehicles financed and are repayable in equal 60 monthly instalments carrying interest @ 8.15% p.a. to 8.30% p.a.		
<b>B Unsecured loan</b>	<b>As at</b>	<b>As at</b>
<b>i Party name</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Rico Auto Industries Limited - holding company	335,000,000	321,403,632
	<b>335,000,000</b>	<b>321,403,632</b>
<b>ii Terms of repayment</b>		
During the previous year, terms of repayment of short term borrowings have been changed. As per the revised agreement, the term loan is extended to 10 years with a moratorium period of 4 years. Rico Auto Industries shall charge interest @ 11.20% p.a. after the moratorium period of 4 years.		
<b>6 Other Long term liabilities</b>		
Security Deposits	502,463	468,963
	<b>502,463</b>	<b>468,963</b>
<b>7 Long term provisions</b>		
Provision for employee benefits:-		
- Gratuity (refer note 29)	4,076,778	3,560,296
- Compensated absences	1,741,423	1,481,065
	<b>5,818,201</b>	<b>5,041,361</b>
<b>8 Short term borrowings</b>		
<b>Secured</b>		
From banks		
Working capital loans	45,989,878	12,365,079
	<b>45,989,878</b>	<b>12,365,079</b>
<b>Security details and term of the loans</b>		
(a) Working capital limits are secured by exclusive first charge by way of hypothecation of current assets, both present and future, with Axis Bank Limited and second charge over the fixed assets, both present and future, of the Company.	45,989,878	12,365,079
	<b>45,989,878</b>	<b>12,365,079</b>

**Rico Jinfei Wheels Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	As at March 31, 2017	(Amount in ₹) As at March 31, 2016
<b>9 Trade payables</b>		
<b>Due to micro, small and medium enterprises (refer note 38)</b>	704,529	478,706
<b>Others</b>		
Other payables	62,593,055	41,649,981
Due to related parties (refer note 34)	30,781,151	27,877,766
	93,374,206	69,527,747
<b>10 Other current liabilities</b>		
Current maturities of long term borrowing ( refer note 5)	863,460	-
Interest accrued but not due	112,042	-
Interest payable	-	53,723
Statutory liabilities	1,296,417	635,540
Payable for capital purchases	1,495,713	3,086,512
Employee related payables	5,909,171	5,010,178
Security deposit	1,376,164	2,121,005
	11,052,966	10,906,958
<b>11 Short-term provisions</b>		
Provision for employee benefits:-		
- Gratuity (refer note 29)	224,902	183,001
- Compensated absences	263,353	45,141
	488,255	228,142

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## Rico Jinfei Wheels Limited

## Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

## 12 Fixed assets

(Amount in ₹)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2016	Additions during the year	As at March 31, 2017	As at April 1, 2016	Charge for the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>Tangible assets</b>								
Freehold land	39,822,488	9,859,122	49,681,610	-	-	-	49,681,610	39,822,488
Buildings	15,296,778	-	15,296,778	3,305,732	494,032	3,799,763	11,497,015	11,991,047
Plant and machinery	394,053,919	6,903,035	400,956,954	146,818,918	28,631,667	175,450,585	225,506,368	247,235,001
Furniture and fixtures	737,591	1,282,301	2,019,892	153,250	444,373	597,623	1,422,269	584,341
Tools and equipments	530,113	-	530,113	197,694	37,781	235,476	294,637	332,419
Office equipment	1,089,227	458,232	1,547,459	704,201	270,001	974,202	573,257	385,026
Computers	736,502	63,510	800,012	641,204	56,425	697,629	102,383	95,298
Vehicles	1,854,932	5,890,722	7,745,654	1,156,819	417,861	1,574,680	6,170,974	698,113
<b>Total</b>	<b>454,121,550</b>	<b>24,456,922</b>	<b>478,578,473</b>	<b>152,977,818</b>	<b>30,352,141</b>	<b>183,329,959</b>	<b>295,248,513</b>	<b>301,143,732</b>
Previous year	449,069,641	5,051,910	454,121,550	123,851,121	29,126,698	152,977,818	301,143,732	325,128,520

**Rico Jinfei Wheels Limited**  
Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

	<b>As at March 31, 2017</b>	<b>(Amount in ₹) As at March 31, 2016</b>
<b>13 Long-term loans and advances</b>		
(Unsecured, considered good)		
Security deposits	50,746,300	1,783,300
Capital advance	-	692,000
MAT recoverable	3,622,875	3,568,107
	<b>54,369,175</b>	<b>6,043,407</b>
<b>14 Other non-current assets</b>		
Bank deposits with maturity of more than 12 months (refer note 17)	1,056,871	917,245
	<b>1,056,871</b>	<b>917,245</b>
<b>15 Inventories</b>		
(valued at cost or net realisable value, whichever is less)		
Stores and spares	16,744,252	13,382,239
Raw material and components	10,281,512	14,553,939
Work in progress	17,560,978	19,332,086
	<b>44,586,742</b>	<b>47,268,264</b>
<b>16 Trade receivables</b>		
Outstanding for a period exceeding six months from the date after which it becomes due		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	727,514
	<b>-</b>	<b>727,514</b>
Less: Provision for doubtful receivables	-	727,514
	<b>-</b>	<b>-</b>
<b>Other receivables</b>		
Unsecured, considered good	79,394,491	20,096,117
	<b>79,394,491</b>	<b>20,096,117</b>
<b>17 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	17,830	34,641
Balances with banks		
In current account	51,417	312,100
	<b>69,248</b>	<b>346,741</b>
<b>Other bank balances</b>		
<b>Balances with bank held as</b>		
Bank deposits with maturity of more than 3 months but less than 12 months*	2,665,082	1,357,838
Bank deposits with maturity of more than 12 months (refer note 14)*	1,056,871	917,245
	<b>3,721,953</b>	<b>2,275,083</b>
Less : Amounts disclosed as other non-current assets (refer note 14)	1,056,871	917,245
	<b>2,734,330</b>	<b>1,704,579</b>
*Pledged with bank for issuing letter of credit.		
<b>18 Short term loans and advances</b>		
(Unsecured, considered good)		
Advances to suppliers	103,378	622,356
Loans and advances to employees	77,927	498,276
Prepaid expenses	1,180,592	15,931,098
Interest Accrued on fixed deposits	-	90,921
Balance with statutory/ government authorities on account of:		
Excise duty	12,852,658	28,505,451
Service tax	1,167,658	1,697,550
Sales tax	1,064,781	67,183
Others	1,074	255,239
	<b>16,448,067</b>	<b>47,668,074</b>



**Rico Jinfei Wheels Limited**

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

	Year ended March 31, 2017	(Amount in ₹) Year ended March 31, 2016
<b>19 Revenue from operations</b>		
Sale of products (refer Note A)		
Finished goods	862,154,803	753,327,105
Traded goods	-	65,422,022
Job work income	5,333,103	4,581,348
<b>Other operating revenue</b>		
Scrap sale	7,870,747	8,600,331
	<u>875,358,653</u>	<u>831,930,806</u>
<b>A Details of product sold</b>		
<b>Finished Goods</b>		
Alloy wheels	862,154,803	753,327,105
<b>Traded goods</b>		
Alloy wheels	-	65,422,022
<b>20 Other income</b>		
Interest income	341,042	257,172
Miscellaneous income	1,046,142	1,496,305
Exchange difference	602,281	-
	<u>1,989,465</u>	<u>1,753,477</u>
<b>21 Cost of raw materials and components consumed</b>		
<u>Raw material and components</u>		
Opening Stock	14,553,939	16,338,870
Add: Purchases during the year	484,860,750	416,042,517
Less : Closing stock (refer note B)	10,281,512	14,553,939
Raw material and components consumed (refer note A)	<u>489,133,177</u>	<u>417,827,448</u>
<b>Note:</b>		
<b>A. Detail of major components of raw material consumption are as follows:</b>		
Aluminium	410,361,329	375,015,557
Others	78,771,847	42,811,891
<b>Total</b>	<u>489,133,177</u>	<u>417,827,448</u>
<b>B. Detail of closing stock of raw materials and components</b>		
Aluminium	8,301,650	11,941,199
Others	1,979,862	2,612,740
<b>Total</b>	<u>10,281,512</u>	<u>14,553,939</u>
<b>Cost of trading goods (imported alloy wheel)</b>		
Opening stock	-	6,512,215
Add: Purchases during the year	-	44,462,105
Less: Closing stock	-	-
	<u>-</u>	<u>50,974,320</u>
<b>22 Change in inventories of work in progress and traded goods</b>		
(a) Work-in-progress		
Opening stock	19,332,086	21,171,858
Closing stock	17,560,978	19,332,086
<b>Total (A)</b>	<u>1,771,108</u>	<u>1,839,772</u>
(b) Traded goods		
Opening stock	-	6,512,215
Closing stock	-	-
<b>Total (B)</b>	<u>-</u>	<u>6,512,215</u>
<b>Total (A+B)</b>	<u>1,771,108</u>	<u>8,351,987</u>
<b>23 Employee benefit expense</b>		
Salaries, wages and bonus	43,421,170	33,295,478
Contribution to provident and other funds	2,452,879	1,759,359
Staff welfare expenses	3,029,855	1,850,375
	<u>48,903,904</u>	<u>36,905,212</u>

**Rico Jinfei Wheels Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	<b>Year ended March 31, 2017</b>	<b>(Amount in ₹) Year ended March 31, 2016</b>
<b>24 Finance costs</b>		
Interest on borrowings	3,257,939	2,830,729
Exchange difference to the extent considered as an adjustment to borrowing cost	-	511,758
	<b>3,257,939</b>	<b>3,342,487</b>
<b>25 Other Expenses</b>		
Consumption of stores and spares	57,752,214	56,306,593
Power and fuel	63,555,076	74,448,287
Sub contractor expenses	43,453,137	33,972,966
Rent	17,955,760	16,584,000
Freight & Cartage - Outward	6,476,117	5,459,100
Provision for bad debts	-	727,514
Rates and taxes	232,901	223,940
Insurance	1,121,130	1,654,080
Travelling and conveyance	2,661,504	2,613,654
Legal and professional charges	796,144	1,362,569
Bank charges	1,966,346	1,364,504
Foreign exchange variation ( net )	-	424,994
Payment to auditors (refer note 25(a))	554,668	549,950
Sales promotion	17,660	81,236
Repairs & maintenance		
Buildings	450,432	20,450
Machinery	4,405,658	3,617,980
Others	426,644	232,378
Miscellaneous expenses	5,012,510	3,004,452
	<b>206,837,900</b>	<b>202,648,647</b>
<b>Note 25(a): Payment to auditors</b>		
As auditors*	500,000	500,000
Out of pocket expenses*	54,668	50,000
	<b>554,668</b>	<b>550,000</b>
* Excluding service tax		
<b>26 Earnings/(loss) per share</b>		
Profit/(loss) after tax	(616,837)	(3,331,055)
Face value of Equity share (Rs)	10	10
Weighted average number of equity shares for calculating basic EPS	38,000,000	33,013,699
Weighted average number of equity shares for calculating diluted EPS	38,000,000	33,013,699
Basic earning/(loss) per share	(0.02)	(0.10)
Diluted earning/(loss) per share	(0.02)	(0.10)

*(This space has been intentionally left blank)*

**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

**27) Contingent Liability:**

The Company had purchased a land of 20,475 sq. ft. from Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC) in Bawal for ₹ 3.98 Crores in the year 2008-09 with a condition to start the manufacturing unit on the said land within the stipulated time. On August 30, 2013 Haryana State Industrial and Infrastructure Development Corporation Limited has sent a notice for taking back the possession of the land from the Company, due to delay in establishing the manufacturing unit, followed by many reminder letters from Haryana State Industrial and Infrastructure Development Corporation Limited. The Company had filed a petition with the High Court on December 17, 2013 and has obtained a stay order for the same. The matter is sub-judice with Hon'ble High Court of Punjab and Haryana at Chandigarh.

**28) Commitments**

	(Amount in ₹)	
	As at March 31, 2017	As at March 31, 2016
<b>Estimated amount of contracts remaining to be executed on account of</b>		
Capital commitments [net of advance ₹ 685,478 - previous year (₹ 692,000)]	685,478	1,260,000

**29) Employment benefits**

**a. Provident fund and other funds:**

	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Employer's contribution to provident fund	2,162,143	1,550,215
Employer's contribution to ESI	270,276	190,224

**b. Defined benefit plan**

**i. Change in defined benefit obligation-Gratuity**

		(Amount in ₹)	
		Year ended March 31, 2017	Year ended March 31, 2016
a)	Present value of obligation as at beginning of the year	3,743,297	2,675,992
b)	Current service cost	456,201	427,932
c)	Interest cost	299,251	209,172
d)	Benefits paid	-	(288,715)
e)	Actuarial loss/(Gain)	(197,069)	718,918
	<b>Present value of obligation as at end of the year</b>	<b>4,301,680</b>	<b>3,743,297</b>
	<b>-Current</b>	<b>224,902</b>	<b>183,001</b>
	<b>-Non Current</b>	<b>4,076,778</b>	<b>3,560,296</b>

**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

**ii. Expense recognised in the Statement of Profit and Loss**

(Amount in ₹)

		Year ended March 31, 2017	Year ended March 31, 2016
a)	Current service cost	456,201	427,932
b)	Interest cost	299,251	209,172
c)	Net actuarial loss recognized	(197,069)	718,918
	<b>Expenses recognised in the Statement of Profit and Loss</b>	<b>558,383</b>	<b>1,356,022</b>

**iii. The amounts to be recognised in Balance Sheet**

(Amount in ₹)

		As at March 31, 2017	As at March 31, 2016
a)	Present value of obligation as at the end of the period	4,301,680	3,743,297
b)	Fair value of plan assets as at the end of the period.	-	-
	<b>Net liability recognised in Balance Sheet</b>	<b>4,301,680</b>	<b>3,743,297</b>

**iv. Assumptions used to determine the benefit obligations (gratuity and compensated absences):**

		Year ended March 31, 2017	Year ended March 31, 2016
a)	Discount rate	7.40%	8.00%
b)	Rate of increase in compensation levels	7.00%	7.00%

**v. Amounts for the current and previous years are as follows:**

(Amount in ₹)

S. no.	Particulars	Year ended				
		March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017
1	Defined benefit obligation at the end of the period	1,561,000	1,652,000	2,675,992	3,743,297	4,301,680
2	Plan assets at the end of the period	-	-	-	-	-
3	Funded assets	-	-	-	-	-
4	Experience loss/(gain) adjustments on plan liabilities	(137,491)	20,770	166,422	791,780	(475,718)
5	Experience gain adjustments on plan assets	-	-	-	-	-
6	Actuarial gain/(loss) due to change in actuarial assumptions	-	-	-	-	-

**Rico Jinfei Wheels Limited**

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

**30) Composition of imported and indigenous raw material**

	Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
		Value (in ₹)	Percentage to total consumption	Value (in ₹)	Percentage to total consumption
1.	Aluminum alloy				
	-Indigenous	310,821,159	67.19%	257,150,635	61.54%
	-Imported	99,540,170	21.52%	117,864,922	28.21%
2	Other materials and components				
	-Indigenous	52,206,149	11.29%	42,811,891	10.25%
	-Imported	-	-	-	-

**31) CIF value of imports**

(Amount in ₹)

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1.	Raw Material	79,107,263	79,609,793
2.	Alloy Wheels	-	39,269,752

**32) Expenditure in foreign currency**

(Amount in ₹)

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1.	Interest on Buyer Credit	-	53,678
2.	Import of Materials	79,042,463	118,879,545

**33) Earnings in foreign currency**

(Amount in ₹)

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1.	F.O.B value of export	105,750	4,40,500

**34) Related party disclosures:**

A. Related parties:

Holding Company

- i) Rico Investments Limited (immediate Holding Company)
- ii) Rico Auto Industries Limited (ultimate Holding Company)

Fellow Subsidiary companies

- i) Rasa Autocom Limited
- ii) Rico Aluminium and Ferrous Autocomponents Limited (formerly known as RAA Autocom Limited)

## Rico Jinfei Wheels Limited

### Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017

Parties where significant influence is exercised by key management personnel and/or his relatives

- i) Rico Castings Limited

#### B. Key Management Personnel

Details of Key Managerial Personnel are as under:

- i) Shri Rakesh Kapur, Managing Director  
 ii) Shri Ashish Kumar Goel, Chief Financial Officer (upto July 8, 2015)  
 iii) Shri Pulkit Bashin, Company Secretary\* (upto May 23, 2015)  
 iv) Shri Mahesh Kumar Raghav, Chief Financial Officer (from September 15, 2015)  
 v) Shri Manupreet Singh Batra, Company Secretary\* (from May 25, 2015)

\* as per Companies Act, 2013

(Amount in ₹)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	<b><u>Holding Company</u></b>		
A	<b><u>Rico Auto Industries Limited</u></b>		
	<i>Transactions during the year</i>		
	Goods purchased	13,306,430	5,844,493
	Goods sold	14,339,999	195,186
	Assets purchased	-	-
	Job work expenses	104,720	-
	Job work income	-	18,130
	Interest Waiver	-	-
	Recovery of Expenses	391,385	-
	Loan taken during the year	15,000,000	11,510,225
	Loan repaid during the year	-	13,696,330
	<i>Outstanding balances</i>		
	Loan outstanding	335,000,000	321,403,632
	Balance Payable	30,106,151	27,877,766
B	<b><u>Rico Castings Limited</u></b>		
	<i>Transactions during the year</i>		
	Job work expenses	5,791,610	4,487,221
	Administration, finance, production support service	64,744,360	72,532,411
	Rent expense	17,955,760	16,584,000
	<i>Outstanding balances</i>		
	Balance payable	-	-
	Advance recoverable	49,023,147	15,154,711
C	<b><u>Rico Investment Limited</u></b>		
	<i>Transactions during the year</i>		
	Share Capital issued	-	-
	Loan taken during the year	-	19,000,000
	Loan repaid during the year	-	19,000,000
	Interest accrued	-	1,019,952
	<i>Outstanding balances</i>		
	Interest payable	-	53,723

**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
D	<b><u>Rasa Autocom Limited</u></b>		
	<i>Transactions during the year</i>		
	Goods purchased	1,196,293	555,067
	Assets Purchased	6,454,369	1,380,090
	Goods sold	10,457,915	1,844,313
	Job Work income	3,397,573	3,065,049
	<i>Outstanding balances</i>		
	Balance recoverable, net	4,231,123	278,943
E	<b><u>Rico Aluminium and Ferrous Auto components Limited</u></b>		
	<i>Transactions during the year</i>		
	Goods sold	-	236,949
	<i>Outstanding balances</i>		
	Balance recoverable	-	-
F	<b><u>Key Management Personnel</u></b>		
	<i>Remuneration paid to key management personnel</i>		
	Sh. Rakesh Kapur (MD)	55,37,992	0
	Ashish Kumar Goel	-	597,285
	Pulkit Bhasin	-	210,321
	Mahesh Kumar Raghav	1,998,717	1,244,777
	Manupreet Singh Batra	400,008	321,689

35) The Company's operating lease payments are due on cancellable premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to ₹ 17,955,760 (previous year ₹16,584,000) for the year, has been charged to the statement of profit and loss.

**36) Details of un-hedged foreign currency exposure outstanding on March 31, 2017:**

The Company does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

Foreign currency exposures which are not hedged as at the Balance Sheet date are as follows:

	As at March 31, 2017		As at March 31, 2016	
	Amount (USD)	Amount (Rupees)	Amount (USD)	Amount (Rupees)
Loan	-	-	-	-
Trade Payable	35,339	2,288,087	35,339	2,337,430

\* Conversion rate: 1 USD = ₹ 64.75 (previous year ₹ 66.14)

**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

37) Accounting Standard 17 “Segment Reporting” of the Companies (Accounting standards) Rules, 2006 requires the Company to disclose certain information about operating segments. The Company is managed as a single operating unit and therefore, has only one reportable business segment. Further, the operations of the Company are limited within one geographical segment. Hence the disclosure required by this standard is presently not applicable to the Company.

**38) Dues to micro, small and medium enterprises**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	704,529	491,547
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	3,094	12,841
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.	-	-

39) The Company has accumulated losses of ₹ 308,949,788 as at March 31, 2017 (previous year ₹ 308,332,951), resulting in erosion of more than 50% of its net worth. The management is in the process of implementing business plans to improve its operational performance Further the parent, Rico Auto Industries Limited, has provided a financial support letter to the Company. Accordingly, these financial statements are prepared on a going concern basis.

**40) Disclosure on Specified Bank Notes (SBNs)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

Particulars	SBNs*	Other Denominatio n Notes	Total
□osing cash in hand as on November 8, 2016	105,500	58,304	163,804
(+) Permitted receipts	-	165,270	165,270
(-) Permitted payments	-	209,895	209,895
(-) Amount deposited in Banks	105,500	-	105,500



**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2017**

<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>13,679</b>	<b>13,679</b>
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\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

- 41) Previous year figures have been regrouped and /or rearranged where considered necessary to make them comparable with the current year figures.

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

For **Walker Chandiok & Co LLP**  
Chartered Accountants

For and on behalf of **Board of Directors**

per **Ashish Gupta**  
Partner

**Om Prakash Aggarwal**  
Director  
(DIN: 01537211)

**Rakesh Kapur**  
Managing Director  
(DIN: 00100359)

**Place:** Gurugram  
**Date:** May 25, 2017

**M.K. Raghav**  
Chief Financial Officer

**Manupreet Singh Batra**  
Company Secretary

**Rico Jinfei Wheels Limited**  
Cash flow statement for the year ended March 31, 2017

(Amount in ₹)

	Year ended March. 31, 2017	Year ended March 31, 2016
<b>A. Cash flow from operating activities</b>		
Net profit before tax	(616,837)	(3,331,055)
<b>Adjustments for :</b>		
Depreciation	30,352,141	29,126,698
Finance cost	3,257,939	3,342,487
Interest income	(341,042)	(257,172)
Unrealised foreign exchange loss/(gain)	(602,281)	190,230
<b>Operating profit before working capital changes</b>	<b>32,049,920</b>	<b>29,071,188</b>
<b>Adjustments for :</b>		
(Increase)/decrease in trade and other receivables	(76,404,134)	105,774,439
Increase/(decrease) in trade and other payables	25,081,287	(120,123,194)
(Increase)/decrease in inventories	2,681,522	22,339,366
	<b>(16,591,406)</b>	<b>37,061,799</b>
Less: Direct taxes paid (net of refunds)	-	-
<b>Net cash generated in operating activities</b>	<b>A (16,591,406)</b>	<b>37,061,799</b>
<b>B. Cash flow from investing activities</b>		
Acquisition of fixed assets	(31,515,127)	(25,260,955)
Movement in fixed deposits	(1,446,870)	6,483,101
Proceeds from sale of fixed assets	-	-
Interest received	341,042	257,172
<b>Net cash used in investing activities</b>	<b>B (32,620,954)</b>	<b>(18,520,682)</b>
<b>C. Cash flow from financing activities</b>		
Movement in short term borrowings	33,624,798	(10,677,025)
Repayment of long term borrowings	-	(22,224,671)
Proceeds from long term borrowings	18,621,732	17,906,947
Interest paid	(3,311,662)	(3,288,764)
<b>Net cash used in financing activities</b>	<b>C 48,934,869</b>	<b>(18,283,513)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>A+B+C (277,492)</b>	<b>257,604</b>
Cash and cash equivalents at the beginning of the year	346,741	89,137
Cash and cash equivalents at the close of the year	<b>69,248</b>	<b>346,741</b>
<b>D. Cash and bank balances as per balance sheet (refer note 17)</b>		
	2,734,330	1,704,579
Less: Bank deposits with maturity of more than 3 month but less than 12 months	(2,665,082)	(1,357,838)
	<b>69,248</b>	<b>346,741</b>

**Note:**

1 Figures in brackets indicate cash outflow.

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

For **Walker Chandiok and Co LLP**  
Chartered Accountants

per **Ashish Gupta**  
Partner

**Place:** Gurugram  
**Date:** May 25, 2017

**Om Prakash Aggarwal**  
Director  
(DIN:01537211)

**M.K. Raghav**  
Chief Financial Officer

For and on behalf of the Board of Directors of  
**Rico Jinfei Wheels Limited**

**Rakesh Kapur**  
Managing Director  
(DIN:00100359)

**Manupreet Singh Batra**  
Company Secretary