

RAIL:SEC:2018

October 01, 2018

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001 Scrip Code - 520008	National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 Scrip Code - RICOAUTO
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Sub : **Annual Report for the financial year 2017-18**

Dear Sir/Madam,

Please find attached herewith the soft copy of 35th Annual Report for the financial year 2017-18 for your reference and record.

Thanking you,

Yours faithfully,
for **Rico Auto Industries Limited**


B.M. Jhamb
Company Secretary
FCS : 2446

Encl : As above

The background of the cover features a repeating pattern of the word "RICO" in a light gray, sans-serif font, arranged in a grid. Two large, dark gray triangles are positioned diagonally, one in the top-left and one in the bottom-right, meeting at the center. The text is centered in the white space between these triangles.

RICO

RELIABILITY
INNOVATION
COMPETITIVENESS
GLOBALIZATION

35th

ANNUAL
REPORT
2017-18

RICO - Made in India with Pride



About us

**Incorporated
in 1983**

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

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

**Global Supplier
of Automotive
Components**

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

**Presence in 4
Continents**

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

**14 Manufacturing
Plants**

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

**Over 4500
Employees**

Strategic linkages with leading fellow automotive suppliers have given RICO a further technological edge. Joint Ventures have been established with players like Magna Powertrain for oil & water pump systems, and Jinfei for alloy wheels.

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

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

Our Vision

To be the preferred supplier to OEMs across the Globe.

Our Strategies

World Class Quality

ISO TS 16949, ISO 14001, OHSAS 18001

Integrated Service - Concept to Delivery

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

Preferred Supplier

Customer Focussed Enterprise Efficient Account, Program & Launch Management

People

Regular Training, Skill Building, Involvement & Empowerment and Leadership

Globalization

Global Teams, Global Presence & Scale

Shareholder Value

Focus on return on Capital Employed and Consistent Dividend Distribution

Our People: Our Greatest Asset

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

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

CSR Initiatives:

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

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

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

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

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

Financial Highlights

Standalone

(₹ in Crores)

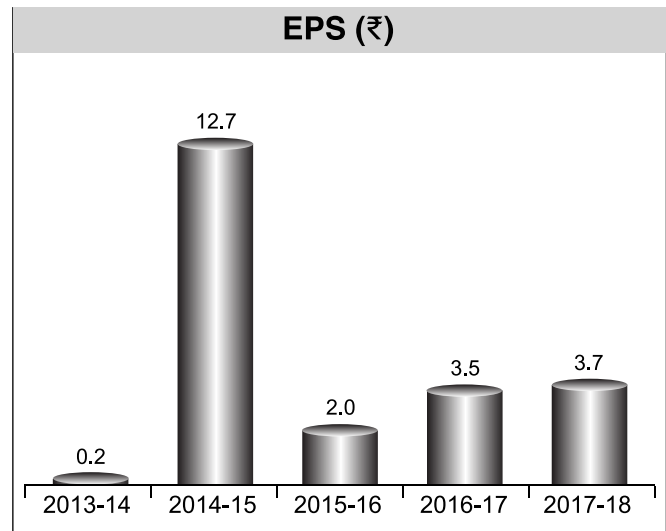
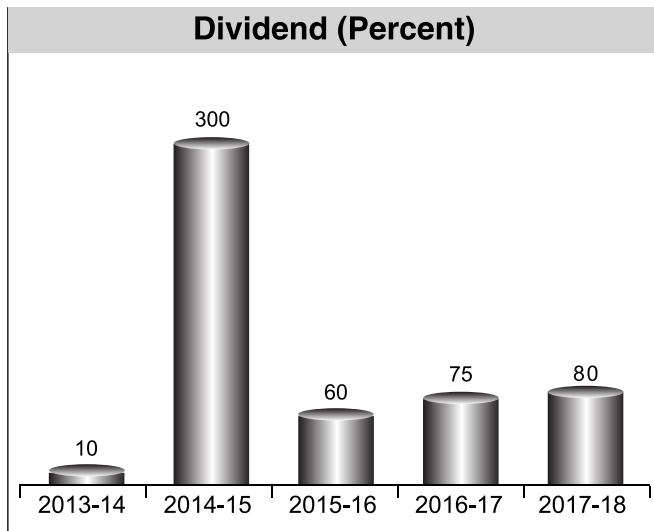
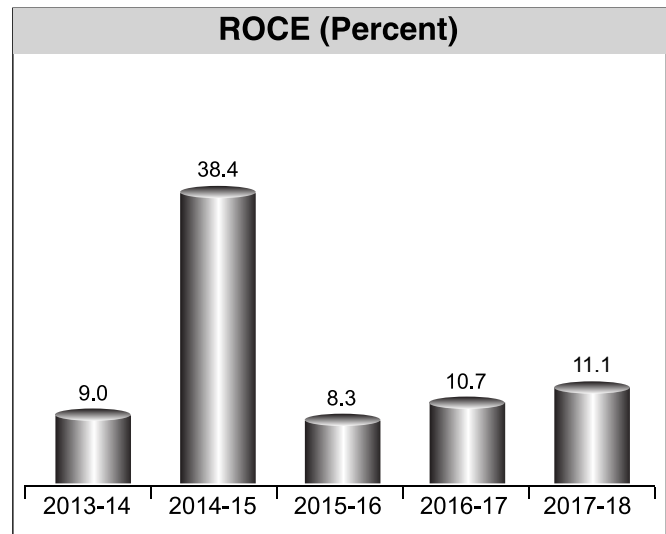
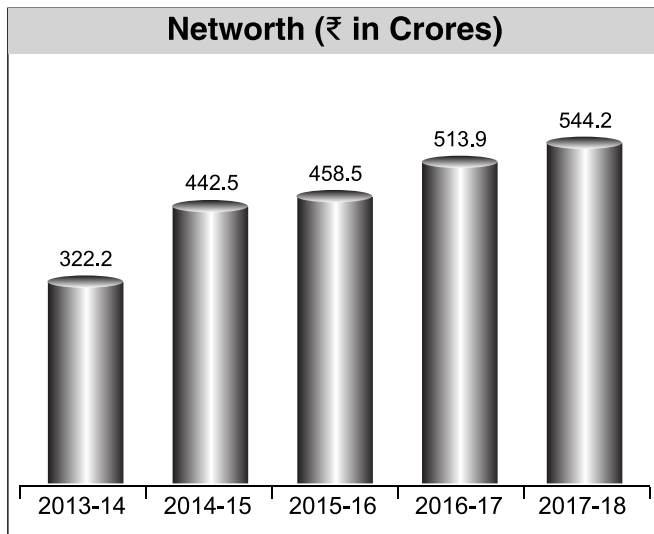
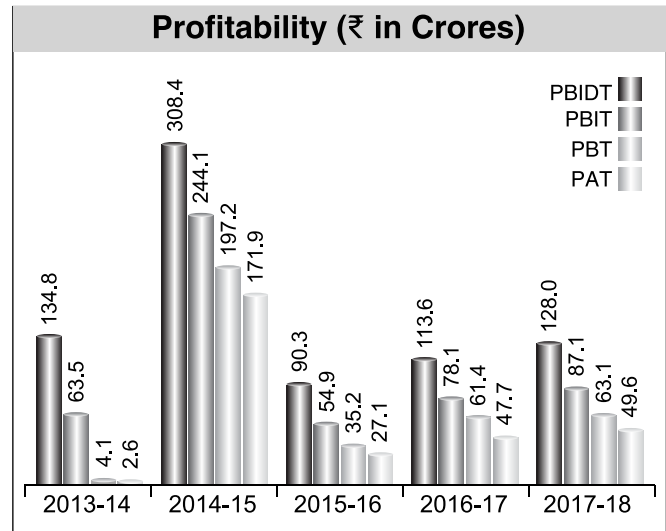
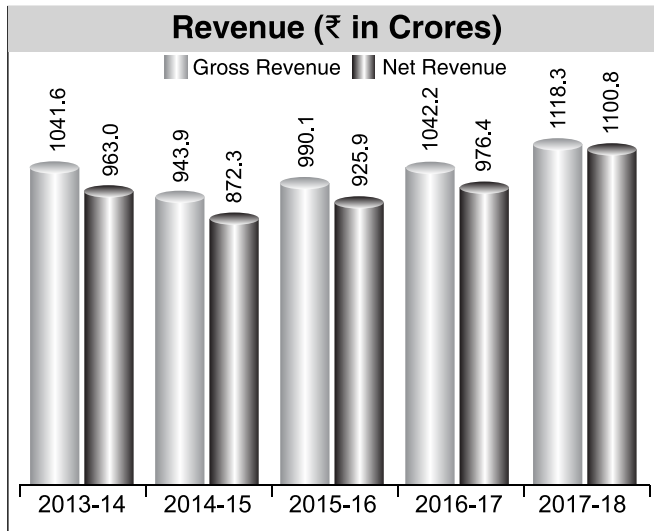
Particulars	2017-18	2016-17@	2015-16	2014-15#	2013-14
Gross Revenue	1118.3	1042.2	990.1	943.9	1041.6
Net Revenue	1100.8	976.4	925.9	872.3	963.0
PBIDT	128.0	113.6	90.3	308.4	134.8
Depreciation	40.9	35.6	35.4	64.2	71.3
PBIT	87.1	78.1	54.9	244.1	63.5
Interest	17.2	16.0	19.7	47.0	59.4
PBT	63.1	61.4	35.2	197.2	4.1
Income Tax	14.2	11.1	7.6	48.4	2.5
Deferred Tax	(0.8)	2.6	(0.1)	(22.5)	(1.1)
MAT Credit Receivable	0.0	0.0	(1.2)	0.0	0.0
Previous Year Income Tax	0.0	0.0	1.7	(0.6)	0.0
PAT	49.6	47.7	27.1	171.9	2.6
Dividend (Including Tax)	18.7	1.6	9.8	48.7	1.6
Gross Fixed Assets (Incl. CWIP)	477.8	395.9	744.6	695.9	1068.7
Net Fixed Assets (Incl. CWIP)	402.1	360.4	343.3	325.7	539.6
Net Current Assets*	185.7	185.7	141.9	135.8	(47.0)
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	530.7	500.4	445.0	429.0	308.7
Deferred Tax Liabilities	14.8	15.8	11.4	11.5	35.4
Total Loan Funds	253.7	230.4	223.4	180.1	279.0
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	11.6	11.6	9.7	35.4	14.0
ROCE (PBIT/Avg. Capital Employed)	11.1	10.7	8.3	38.4	9.0
RONW (PAT/Avg. Net Worth)	9.4	9.8	6.0	45.0	0.8
Per Share Data (₹)					
EPS	3.7	3.5	2.0	12.7	0.2
Cash EPS	6.7	6.2	4.6	17.5	5.5
Book Value	40.2	38.0	33.9	32.7	23.8
Dividend (%)	80	75	60	300	10
Net worth	544.2	513.9	458.5	442.5	322.2

* Excluding short term borrowing and current liability of long term bank borrowing.

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

@ Adjusted due to first time adoption of Ind AS.

Standalone



Financial Highlights

Consolidated Group

(₹ in Crores)

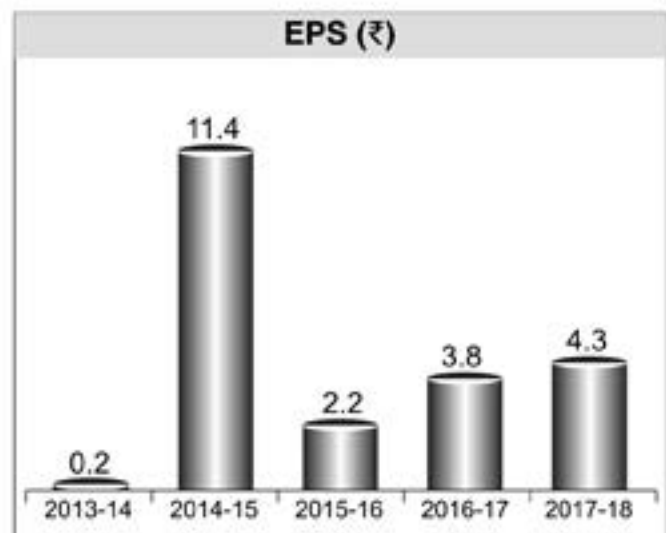
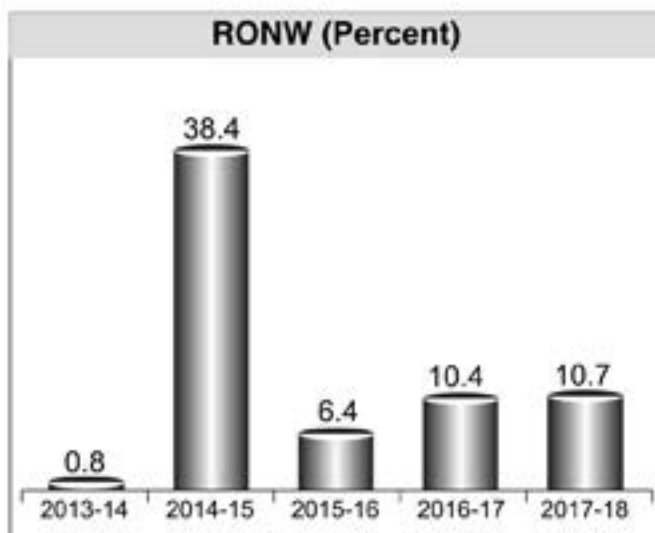
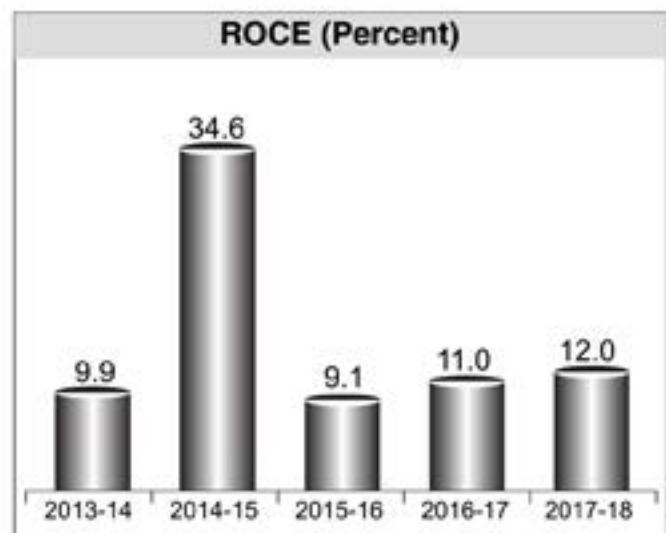
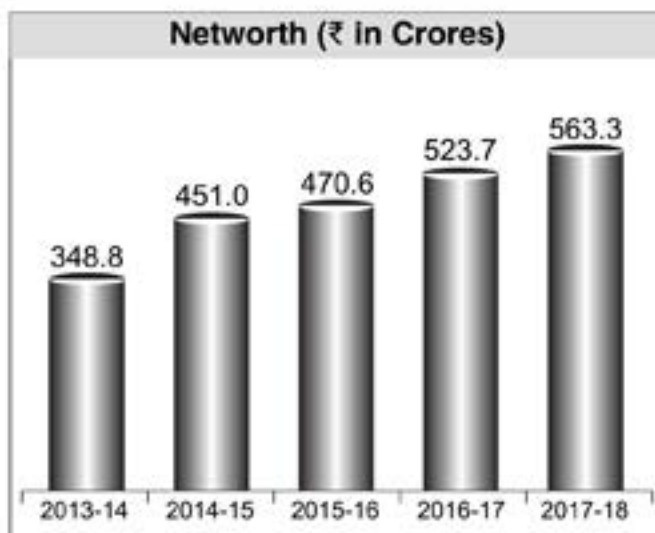
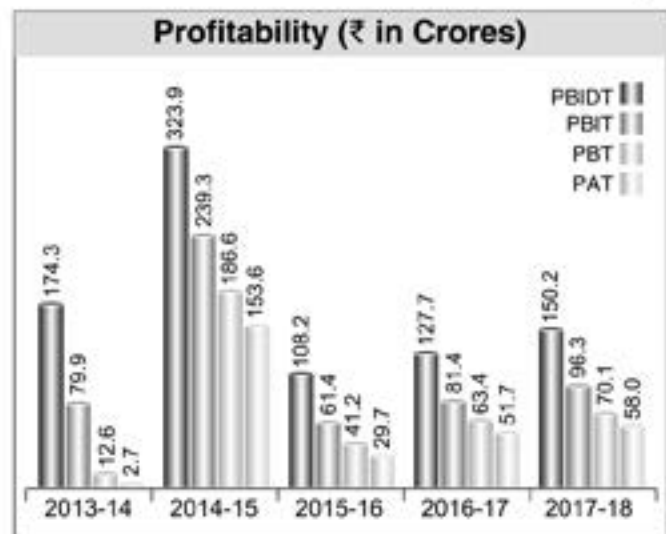
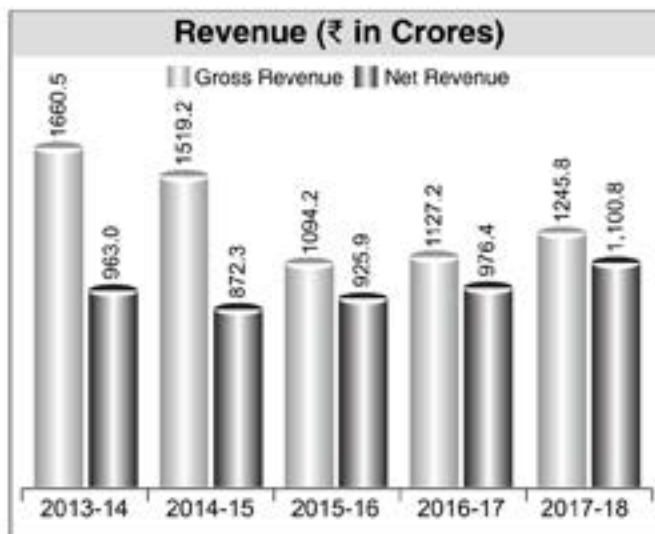
Particulars	2017-18	2016-17@	2015-16	2014-15#	2013-14
Gross Revenue	1245.8	1127.2	1094.2	1519.2	1660.5
Net Revenue					
Rico Auto Industries Limited	1,100.8	976.4	925.9	872.3	963.0
Rico Auto Industries Inc. USA	140.7	151.8	145.0	91.0	85.4
Rico Auto Industries (UK) Limited UK	83.9	52.3	40.8	37.3	56.4
FCC Rico Limited (50%)	0.0	0.0	0.0	409.6	480.4
Magna Rico Powertrain Private Limited (50%)	0.0	0.0	34.2	31.2	23.2
Rico Jinfei Wheels Limited (93.5%)	111.3	78.0	73.9	98.1	52.0
Uttarakhand Automotives Limited	0.0	0.0	8.7	11.0	0.0
Rasa Autocom Limited	32.9	26.3	40.4	14.9	14.8
Rico Aluminium and Ferrous Auto Components Limited	241.6	248.5	260.7	5.9	0.0
Rico Investments Limited	4.9	4.9	5.9	0.1	0.0
AAN Engineering Industries Limited	4.1	3.7	0.3	0.0	0.0
Less : Inter Company Sales	(494.7)	(490.5)	(514.7)	(192.6)	(169.0)
Rico Group Consolidated	1225.5	1051.3	1021.2	1378.7	1506.2
PBIDT	150.2	127.7	108.2	323.9	174.3
PBIT	96.3	81.4	61.4	239.3	79.9
PBT	70.1	63.4	41.2	186.6	12.6
PAT	58.0	51.7	29.7	153.6	2.7
Gross Fixed Assets (Incl. CWIP)	614.1	518.5	895.6	834.4	1308.7
Net Fixed Assets (Incl. CWIP)	515.2	472.4	458.1	441.8	707.1
Net Current Assets*	237.6	202.8	182.3	165.0	(2.1)
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	549.7	510.2	457.1	437.5	335.3
Deferred Tax Liabilities	3.3	7.4	11.9	11.6	37.5
Total Loan Funds	271.9	235.8	227.0	186.1	349.5
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	12.3	12.1	10.6	23.5	11.6
ROCE (PBIT/Avg. Capital Employed)	12.0	11.0	9.1	34.6	9.9
RONW (PAT/Avg. Net Worth)	10.7	10.4	6.4	38.4	0.8
Per Share Data (₹)					
EPS	4.3	3.8	2.2	11.4	0.2
Cash EPS	7.8	7.3	5.6	17.6	7.2
Net worth	563.3	523.7	470.6	451.0	348.8

* Excluding short term borrowing and current liability of long term bank borrowing.

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

@ Adjusted due to first time adoption of Ind AS.

Consolidated Group




From the Chairman's Desk

Dear Shareholders,

The year gone by has been one of robust growth. It is a matter of great pride for each one of us that India has regained its title as the world's fastest growing major economy, with a growth rate of more than 7% on an annualized basis. In keeping with the overall economic scenario, the Indian Auto industry has not only recorded double digit growth in the fiscal 2017-18, India has also overtaken Germany as the fourth largest global automotive market.

The Indian Auto Industry is in fact gearing up towards a very exciting phase. The positive outlook is led by multiple factors such as rising prosperity and increasing affordability of privately owned vehicles. On the one hand, while IC Engine vehicles continue to show sustained growth, electric mobility is emerging as the new buzzword in transportation. Market estimates reveal that electric vehicles are projected to reach around 15 percent by 2030. By then the total Passenger Vehicle Market is expected to grow to 10 million per year. The automotive aftermarket is also showing great potential with the market size estimated to reach US\$ 16.5 billion by 2021, up from US\$ 7 billion in 2016. Going forward, Electric Vehicle Components and Exports are likely to be the strong growth drivers for your company over the coming years.



With RICO's philosophy of "Think Differently" and with a strong culture of Innovation, your Company has shown encouraging growth in its overall Revenue, EBITDA and PAT in the fiscal 2017-18. The consolidated sales of Rico Auto, has recorded an increase of 17% over last year whereas EBITDA and PAT have shown an increase of 18% and 12% respectively. We like to thank our Prestigious Customers Hero, Maruti, BMW, Renault, Toyota, Honda, Cummins etc., who have helped in the growth of the Company. The year has also seen your Company expand its client base, with industry giants such as KIA, TVS, Punch Powertrain, PSA, Daimler and more, being added to our growing customer list. With our continuous focus on quality, sustained efforts towards efficient capacity utilization and building operational excellence and focus on Automation, we are certain of further consolidating our performance. We firmly believe that we are taking confident strides towards "Mission 2K20"- that of achieving a turnover of INR 2000 Crores in the year 2020.

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

I would also like to thank all our valued customers, business associates and all our stakeholders for their continuous support.

Arvind Kapur
Chairman, CEO & Managing Director

RICO Core Values

E

ENTREPRENEURSHIP

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

T

TEAMWORK

The power of working together

I

INTEGRITY

The power of honesty and transparency

C

COMMITMENT

The power of responsibility, accountability and ownership

EX

EXCELLENCE

The power of being the best

Key Milestones

2015-18

- Initiated After Market Business
- Added new Facilities/Plants at Bawal, Pathredi & Chennai - IATF 16949
- Added Customers – Bentley, PSA, Daimler, Kia, Punch Powertrain

VDA 6.3
CAT SQEP-Silver

2010-14

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

GM QSB

2007-09

- JV with MAGNA Powertrain (Oil Pump, Water Pump)
- JV with Jinfei China (Aluminium Alloy Wheels – 2 Wheelers)
- Added Customers – JATCO, Magna, Renault, BMW

FORD Q1
CAT SQEP-Bronze

2004-06

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

2003-04

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

2000-02

- Full Service Engineering Design Development Capability
- Added Customers – FORD, Land Rover, Jaguar

TS 16949, ISO 14001
OHSAS 18001

1999-00

- Expansion of Aluminium Die Casting & Machining (Gurugram)

QS 9000

1994-96

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

1990-92

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

ISO 9000

1985-86

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

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Team & Corporate Information

Board of Directors

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

Rico Executive Committee (REC)

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

Advisors

O P Aggarwal
 N K Sethi

Chief Financial Officer

Rakesh Kumar Sharma

Company Secretary

B M Jhamb
 FCS No. 2446

Bankers (in alphabetical order)

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

Auditors

Walker Chandiok & Co LLP
 Chartered Accountants
 New Delhi, India

Registered & Corporate Office

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

Registrar & Transfer Agent

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

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 35th Annual Report of your Company, together with the Audited Financial Statements for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

Your Company has, for the first time, adopted Indian Accounting Standards (Ind AS) while preparing its Financial Statements for the financial year 2017-18 and accordingly corresponding previous year's figures were restated with a transition date as 1st April, 2016. The Financial Statements are prepared in terms of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The financial results for the year ended 31st March, 2018 are summarized below:

Particulars	Standalone		Consolidated	
	Current Year	Previous Year	Current Year	Previous Year
	2017-18	2016-17	2017-18	2016-17
Net Revenue and Other Income	1118.25	1042.17	1245.79	1127.19
Profit before Interest, Depreciation and Exceptional Items	128.00	113.66	150.18	127.73
Interest and Financial charges	17.16	16.01	18.74	16.71
Profit before Depreciation, Exceptional Items and Tax	110.84	97.65	131.44	111.02
Depreciation	40.92	35.56	53.90	46.29
Profit before Exceptional Items and Tax	69.92	62.09	77.54	64.73
Exceptional Items	6.80	0.66	7.43	1.36
Profit before Tax (PBT)	63.12	61.43	70.11	63.37
Tax Expense	13.48	13.72	12.11	11.72
Profit after Tax	49.64	47.71	58.00	51.65
Other Comprehensive Income/(Loss) (net of tax)	(0.45)	(0.90)	0.57	(2.58)
Total Comprehensive Income	49.19	46.81	58.57	49.07

(₹ in Crores)

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Company has recorded a gross turnover of ₹1118.25 crores in the year under report as against ₹1042.17 crores in the previous year. Your Company has earned a Profit after Tax (PAT) of ₹49.64 crores during the year under report over the previous year's profit of ₹47.71 crores.

Your Company has entered the two-wheeler aftermarket segment in May, 2017 and achieved a turnover of ₹9.66 crores in the first year. After a successful year in the two-wheeler aftermarket segment, your Company in August, 2018 has entered into the four-wheeler aftermarket segment with an optimistic target of achieving sales of over ₹100.00 crores by 2020. The Company has established a strong network of 42 dealers and distributors across 22 States in India while also marking a footprint in Nepal and Sri Lanka.

Your Company has entered into a Joint Venture Agreement with M/s. Ultra Fairwood PTE Limited, Singapore on 12th December, 2017 to manufacture PODs (Autonomous Electric Vehicles to be run on a dedicated track) for PRT (Personal Rapid Transport), GRT (Group Rapid Transport) or any variant thereof.

Your Company has also been focusing on tapping the vast opportunities in manufacturing components of Electric Vehicles (EVs). To meet this futuristic demand, the Company is all set to invest in new technology adoption required for the same. The Company has also been nominated by global clients for critical components for their new electric vehicle programs.

DIVIDEND

During the financial year ended 31st March, 2018, your Company has paid an Interim Dividend @ 40 per cent i.e. ₹0.40 per Equity Share of ₹1/- each, amounting to ₹6.51 crores including dividend

tax of ₹1.10 crores which was declared by the Board of Directors on 9th February, 2018 and paid on 28th February, 2018. In addition, the Board has recommended a Final Dividend @ 40 per cent i.e. ₹0.40 per Equity Share of ₹1/- each for the financial year 2017-18. If approved, the total dividend (interim and final) will amount to ₹13.02 crores including dividend tax of ₹2.20 crores as against a dividend of 75 per cent i.e. ₹0.75 per Equity Share of ₹1/- each aggregating to ₹12.22 crores including dividend tax of ₹2.07 crores in the previous year on the same Equity Share Capital.

RESERVES AND SURPLUS

During the financial year 2017-18, no amount was transferred to general reserves. The reserves and surplus of your Company stood at ₹530.73 crores as against ₹500.44 crores in the previous year.

SHARE CAPITAL

The paid-up share capital as on 31st March, 2018 was ₹13,52,85,000 divided into 13,52,85,000 equity shares of ₹1/- each. During the year under review, your Company has neither issued shares with Differential Voting Rights nor granted Stock Options nor Sweat Equity.

EXPORTS

The export turnover of your Company during the year under review was ₹268.85 crores as against ₹253.59 crores in the previous year.

The export turnover includes sales to wholly owned subsidiaries amounting to ₹213.14 crores as against ₹198.48 crores in the previous year. The wholly owned subsidiaries of your Company in United Kingdom and United States of America are engaged in providing last mile sales and customer support in their respective regions.

During the quarter ended 30th June, 2018 of the current year, export turnover was ₹83.72 crores as against ₹63.93 crores in the corresponding quarter of the previous year. Further details as regards to the efforts of your Company on this front have been dealt with in the Management Discussion and Analysis section of this report.

OUTLOOK FOR CURRENT YEAR

The Unaudited Financial Results for the first quarter ended 30th June, 2018, already announced, show a gross turnover of ₹311.89 crores for the first quarter of the current year as against a turnover of ₹270.27 crores in the corresponding quarter of the previous year.

The Profit after Tax stood at ₹13.57 crores for the first quarter ended 30th June, 2018 as against ₹11.33 crores over the corresponding quarter of the previous year. The Earning per Share (EPS) is ₹1.00 for the quarter ended 30th June, 2018 as against ₹0.84 over the corresponding quarter of the previous year. The Company is confident to maintain the trend to improve the turnover and margin during the remaining part of the year.

PLANTS AND FACILITIES

The Company continues its efforts towards the expansion of its domestic and overseas customer base by utilizing the existing available capacities and also implementing new facilities to enhance capacity by acquiring new technologies and also de-risking its operations geographically. The Company is working to augment existing facilities and set up new facilities at the following locations:

A. Bawal Plant

This plant has been set up for High-Tonnage High-Pressure Die Casting production with state-of-the-art facility having a high level of Automation, Quality Control and Precision Machining for critical Parts and Assemblies. The Company is now gearing up for higher volumes for its esteemed customers namely BMW, GKN, Renault, PSA, Cummins and Eaton. The Company has also added new customers like Daimler and Punch Powertrain. The production lines for these new customers will start in the 4th quarter of this financial year.

B. Chennai Plant

The Company has set up a manufacturing plant at Chennai for the supply of Machined Aluminum Auto Components to Renault-Nissan.

The Plant was commissioned and started commercial production in 2016. At present, the plant has installed capacity of 1,50,000 sets for cylinder block and over 3,00,000 sets of other components like Oil Pan, Timing cases etc., which are in production. The Company has also added KIA Motor and PSA-Avtec as new customers and production will start in the 4th quarter of this financial year.

The Company is also targeting other south based customers for domestic and export programs to further enhance the business from this Plant.

C. Pathredi (Bhiwadi) Plant

The Company laid the foundation stone for a new manufacturing plant at Pathredi, Bhiwadi (Rajasthan) on 7th July, 2016 for manufacturing of Auto Components.

The Company is expected to start commercial production at the new plant in the 4th quarter of this financial year.

D. Sanand Plant

In view of low demand by Tata Motors Limited for the components of the Nano Car, supply is being made from the Company's Gurugram Plant. Efforts are being made to add more customers so that the Plant capacity can be utilized.

Re-starting of the Sanand Plant is under discussion with Tata Motors for manufacturing new parts for their new models. Further, discussions are in progress with Hero MotoCorp and Maruti Suzuki for supplies to their plants in Gujarat and other

states. The expected production of Hero components will start from end of the 3rd quarter of this financial year.

SUBSIDIARY COMPANIES

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

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

A. Rico Auto Industries Inc., USA

This Company is engaged in the business of trading of Auto Components and providing warehousing, logistics and last mile support to our OEM and Tier-I Customers in North America, Mexico and Brazil. The Company has recorded a gross turnover of ₹140.67 crores during the financial year ended 31st March, 2018 as against ₹151.83 crores in the previous year.

The Company earned a net profit after tax of ₹1.79 crores in the financial year ended 31st March, 2018 as against ₹1.58 crores in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2018.

This Subsidiary has achieved a gross turnover of ₹37.24 crores for the first quarter ended 30th June, 2018 as against ₹38.86 crores in the corresponding quarter of the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

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

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

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

The Company has recorded a gross turnover of ₹84.71 crores during the financial year ended 31st March, 2018 as against ₹52.25 crores in the previous year. The Company earned a net profit of ₹0.50 crore in the financial year ended 31st March, 2018 as against ₹0.31 crore in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2018.

This Subsidiary has achieved a gross turnover of ₹26.36 crores for the first quarter ended 30th June, 2018 as against ₹19.24 crores in the corresponding quarter of the previous year.

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

C. AAN Engineering Industries Limited

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

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

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

AAN works with a wide range of Raw Materials – namely Aluminum Alloy, Alloy Steel & High Manganese Steel & Raw Material/Castings as required by Client. Supplied Track Links for one of the prestigious Tracked Fighting vehicle – T72 in High Manganese Steel grade. The Company's capability has been assessed and passed for supplies of Air Force Ammunition.

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

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

During the year under review, the Company has earned a total revenue of ₹4.08 crores against ₹4.15 crores in the last year. During the year, the Company has incurred a loss of ₹0.25 crore against a profit of ₹0.01 crore in the previous year.

This Subsidiary has achieved a gross turnover of ₹1.89 crores for the first quarter ended 30th June, 2018 as against ₹1.60 crores in the corresponding quarter of the previous year. The Company earned a net profit of ₹0.03 crore for the first quarter ended 30th June, 2018 as against ₹0.06 crore profit in the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

D. Rico Investments Limited

During the year under review, this Company has recorded a gross revenue of ₹4.92 crores as against ₹4.86 crores in the previous year. This Company has earned a profit of ₹3.54 crores in the financial year ended 31st March, 2018 as against ₹3.72 crores in the previous year.

This Company has earned a total revenue of ₹1.23 crores and a net profit of ₹0.79 crore for the quarter ended 30th June, 2018. The Board of this Company has recommended a maiden dividend of 2 per cent for the financial year ended 31st March, 2018 and your Company expects to receive an amount of ₹2.30 crores by way of dividend on its investment.

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

i) Rico Aluminium and Ferrous Auto Components Limited

During the year under review, this Company has recorded a gross turnover of ₹246.40 crores as against ₹272.97 crores in the previous year. This Company has incurred a loss of ₹0.13 crore as on 31st March, 2018 as against the profit of ₹0.90 crore in the previous year. Further, this Company has achieved a gross turnover of ₹64.41 crores and earned a profit of ₹0.79 crore for the quarter ended 30th June, 2018.

ii) Rasa Autocom Limited

This Company is engaged in the business of manufacturing of High Pressure, Gravity and Low Pressure Die Cast Auto Components. Its plant is equipped with Automation and better controls to produce high quality parts in large volume for export. This Company has recorded a gross turnover of ₹32.74 crores during the financial year ended 31st March, 2018 as against ₹27.54 crores in the previous year. The Company has earned a profit of ₹2.63 crores in the financial year ended 31st March, 2018 as against the profit of ₹3.21 crores in the previous year.

This Subsidiary has achieved a gross turnover of ₹14.75 crores for the first quarter ended 30th June, 2018 as against ₹6.32 crores in the corresponding quarter of the previous year. The Company has earned a profit of ₹0.35 crore for the quarter ended 30th June, 2018.

iii) Rico Jinfei Wheels Limited

This Company has recorded a gross turnover of ₹112.83 crores during the financial year ended 31st March, 2018 as

against ₹87.54 crores in the previous year. This Company has earned a profit of ₹0.13 crore in the financial year ended 31st March, 2018 as against the loss of ₹2.43 crores in the previous year.

Further, this Company has recorded a gross turnover of ₹36.61 crores for the quarter ended 30th June, 2018 as against ₹24.88 crores in the corresponding quarter of the previous year. The Company has incurred a loss of ₹0.95 crore for the quarter ended 30th June, 2018.

E. Uttarakhand Automotives Limited and Scheme of Amalgamation

Uttarakhand Automotives Limited, a Wholly Owned Subsidiary has been amalgamated with the Company w.e.f. the appointed date i.e. 1st April, 2015 as per the Scheme of Amalgamation approved by the Hon'ble National Company Law Tribunal, Chandigarh Bench vide its order dated 14th December, 2017. The certified copy of the order was received by the Company on 9th January, 2018 and the same was filed with the Registrar of Companies, NCT of Delhi and Haryana on 11th January, 2018. Uttarakhand Automotives Limited has been dissolved w.e.f. 11th January, 2018 without undergoing the process of winding up and its entire assets, liabilities, rights, powers and duties stand transferred to Rico Auto Industries Limited with effect from the appointed date. The Scheme did not involve allotment of shares. The Authorised Share Capital of Rico Auto Industries Limited has increased from ₹30,00,00,000 (Rupees Thirty crores only) to ₹54,00,00,000 (Rupees Fifty four crores only) consequent to this Scheme of Amalgamation.

JOINT VENTURE COMPANY

Magna Rico Powertrain Private Limited

Magna Rico has recorded a gross turnover of ₹92.44 crores in the financial year ended 31st March, 2018 as against ₹90.10 crores in the previous year. This Company has earned a profit of ₹5.70 crores in the financial year ended 31st March, 2018 as against ₹6.21 crores in the previous year. The Board of this Company has recommended a maiden dividend of 7.5 per cent for the financial year ended 31st March, 2018 and your Company expects to receive ₹1.58 crores by way of dividend on its investment. During the financial year and period under review, your Company has not made any additional investment in this Joint Venture.

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

MATERIAL CHANGES AND COMMITMENTS

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

There were no material changes and commitments affecting the financial position of the Company occurring between 31st March, 2018 and the date of this Report.

CREDIT RATING

The India Ratings and Research Private Limited – a Credit Rating Agency, has maintained the credit ratings on 28th March, 2018, based on a consolidated view of the Company and its Subsidiaries business

on the back of their similar business profile, Common Treasury and Management Team and the same are given below:

Credit Ratings:

Particulars	Ratings
Long Term Issuer Ratings	IND A-/Stable
INR 1891.90m Term Loans/Letter of Credit	IND A-/Stable
INR 2150m Fund and Non-Fund Based Working Capital Limits	IND A-/Stable
Short Term	IND A1

The above credit ratings are being reviewed and revised ratings would be available by the end of August, 2018.

FIXED DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

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

RISK MANAGEMENT

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

SECRETARIAL STANDARDS

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In pursuance of the provisions of Section 135 of the Companies Act, 2013, the amount to be spent during the financial year 2017-18, as per computation worked out to be ₹17.72 lakhs. During the year, a wholly owned subsidiary namely Uttarakhand Automotives Limited was amalgamated with the Company and its CSR obligation was ₹13.48 lakhs. The Company therefore has spent an aggregate amount towards the CSR activities/projects as specified in CSR policy of the Company during the financial year 2017-18. The CSR activities of the Company are being monitored by the CSR Committee.

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

VIGIL MECHANISM

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

RELATED PARTY TRANSACTIONS AND MATERIAL SUBSIDIARIES

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

These Policies are available on the website of the Company i.e. <http://www.ricoauto.in/investor-relation.html>. All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis and prior approval of the Audit Committee was sought for entering into related party transactions. The details are provided in Form AOC-2 which is annexed and forms part of this Report. Please also refer Note 42 to the standalone financial statements for related party disclosures.

LISTING OF EQUITY SHARES

The Equity Shares of your Company are presently listed on the BSE Limited and National Stock Exchange of India Limited. The Annual Listing Fees have been paid for the financial year 2018-19.

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

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

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

All Independent Directors of the Company have given declarations confirming that they meet the criteria of independence as laid down

under Section 149(6) of the Companies Act, 2013 and the Listing Regulations, 2015.

BOARD MEETINGS

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

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have carried out the annual evaluation of its own performance, the Individual Directors including the Chairman as well as the evaluation of the working of its Committees. The manner, in which the evaluation has been carried out, has been explained in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable accounting standards have been followed and there are no material departures;
- ii) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit for the year 1st April, 2017 to 31st March, 2018;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) the annual accounts for the financial year ended 31st March, 2018 have been prepared on a going concern basis;
- v) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATUTORY AUDITORS

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

The Companies (Amendment) Act, 2017, notified on 7th May, 2018 by the Ministry of Corporate Affairs has dispensed with the requirement of annual ratification of the Statutory Auditor's appointment. Accordingly, no resolution is proposed for ratification of the appointment of Auditors. The Company has received a certificate from M/s. Walker Chandio & Co LLP, Chartered Accountants confirming their eligibility to continue as Auditors of the Company in terms of the provisions of Section 141 of the Companies Act, 2013 and rules framed thereunder.

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

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

INTERNAL AUDITORS

The Board on the recommendation of Audit Committee has re-appointed M/s. SCV & Co. LLP, (formerly M/s S.C Vasudeva & Co.) Chartered Accountants (Firm Registration No.000235N/N500089), New Delhi as the Internal Auditors of the Company for the financial year 2018-19.

APPOINTMENT OF COST AUDITOR AND MAINTENANCE OF COST RECORDS

The Board, on the recommendation of Audit Committee, has appointed M/s. J.K. Kabra & Co., Cost Accountants, New Delhi as Cost Auditors to carry out the cost audit of the Company for the financial year 2018-19. In terms of Section 148 of the Companies Act, 2013 and the rules made thereunder, remuneration of Cost Auditors is to be ratified by members of the Company. Accordingly, a resolution is included in the Notice of ensuing Annual General Meeting for your approval. The Cost Audit Report for the financial year 2017-18 would be filed with the Ministry of Corporate Affairs, New Delhi within the stipulated time.

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

SECRETARIAL AUDITORS

The Board has appointed Shri K. K. Sachdeva of M/s. K.K. Sachdeva & Associates, Company Secretaries (C.P. No. 4721, FCS No. 7153), as Secretarial Auditors to carry out the secretarial audit of the Company for the financial year 2018-19. The Secretarial Audit Report for the financial year ended 31st March, 2018 is enclosed and forms part of this report. There is no secretarial audit qualification for the year under review.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

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

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

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

Pursuant to the provisions of the section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules) a company is required to transfer to the DEMAT Account of IEPF Authority all shares in respect of which dividends have not been paid or claimed for 7 (seven) consecutive years or more. In accordance with the aforesaid provisions of the Act read with the rules, your Company, during the financial year 2017-18, had transferred 38492 shares pertaining to the financial year 2009-10 to the Demat Account of IEPF Authority within the stipulated time period.

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

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed against the Company by the regulators or courts or tribunals during the financial

year 2017-18 impacting the going concern status and Company's operations in future.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

PERSONNEL

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in the Annexure forming part of this Report. The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and forming part of this Report for the year ended 31st March, 2018 are set out in the Annexure of this Report.

However, the Annual Report, excluding the Annexure is being sent to the Members of the Company in terms of the provisions of Section 136 of the Companies Act, 2013. A Member who is interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The said information is also available for inspection by Members at the Registered Office of the Company during working hours upto the date of the ensuing Annual General Meeting.

Your Company has initiated the process of partial closure of its non-operational loss-making undertaking (Machine Shop-I) situated at Dharuhera (Haryana). Consequent upon the permission of Principal Secretary to Government, Haryana, Labour Department vide its Order dated 25th May, 2018 and Review Order dated 21st June, 2018 and after completion of necessary formalities in accordance with the provisions of the Industrial Disputes Act, 1947, your Company has closed the said loss-making undertaking (Machine Shop-I) in Dharuhera Plant (Haryana) w.e.f. 26th June, 2018 and settled the accounts of 104 workers after paying their legal/statutory dues. The production lines that have been closed will not impact the turnover adversely rather will have a positive impact on overall performance and profitability.

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

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

Place : New Delhi
Date : August 03, 2018

ANNEXURE TO DIRECTORS' REPORT

INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

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

A. CONSERVATION OF ENERGY

i) Steps taken or impact on the conservation of energy

Energy Conservation measures taken:

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

- Installation of Intelligent Air Pressure Regulator for regulating air pressure for Die Casting Division.
- Installation of Variable speed drives for the reduction in energy consumption.
- Reduce energy consumption through:
 - Installation of LED Lights in place of Sodium Vapor Lamp
 - LED 18 Watts Low Power Consumption Lights in place of 40 Watts Tube Lights with Choke.
 - Replacement of Existing Street Light 150 Watts Light fittings with 70 Watts LED Street Light.
- Installation of Reverse Osmosis (RO) Plant for further recovery of treated water from RO waste water.
- Installation of HT/LT Capacitor for improving power factor near to unity.

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

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

Installation of Rooftop Solar Power System/ Buying Solar Power through open access (under discussion).

iii) Capital Investment on Energy Conservation Equipment

No capital investment has been made during 2017-18.

B. Technology Absorption

i) Efforts made towards technology absorption

- For the development of structural parts by aluminium high pressure die casting, Trials conducted with in-house developed alloy and alloys available in the market.
- For the in-house development of high strength aluminium alloys, various alloys composition and treatment combination trials done and successfully implemented in electric vehicle parts.
- For horizontal deployment of automation in casting and machining operation by using Robots, several projects taken, consultation with domain experts sought, trials conducted.
- For development of clutch for two-wheeler, consultation with domain experts sought, CAE simulation done, testing conducted, new material identified and developed in India.
- For developing the Special Purpose Machine (SPM) for the differential case, explored various available solutions and various trials conducted.

- For developing a thick section part by high pressure die casting with high soundness requirement, incorporated special process and various physical trials conducted.
- For developing new products various improvements alternatives were analyzed & optimized with the help of casting process simulation software.
- For process automation the Company is installing Robots.

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

- Development of structural parts – In-house development, Cost reduction and new business opportunity.
- High strength Alloy development – Import substitution and cost reduction and new business opportunity.
- Development of two-wheeler Clutch – In-house development, cost reduction & Import substitution.
- Automation – Productivity and Product Quality consistency.
- Cycle Time Improvement – Productivity and cost reduction
- Product improvements – Helped in the improvement of Overall Equipment Effectiveness (OEE).

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

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

iv) Expenditure incurred on Research and Development

a) Capital Expenditure (Net of Sale/ Disposal) including Capital Work-in-Progress as on 31.03.2018	₹14.90 crores
b) Capital Expenditure during the year 2017-18	₹ 4.27 crores
c) Capital Work-in-Progress during the year 2017-18	Nil
d) Recurring Expenditure	₹10.92 crores
e) Depreciation	₹1.02 crores
f) Total (b to e)	₹16.21 crores
g) Total R&D expenditure as percentage to total turnover	1.48%

C. Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned:

(₹ in Crores)

Particulars	2017-2018	2016-2017
i) Expenditure in foreign currency	22.42	9.92
ii) Foreign Exchange earned	255.18	244.20

On behalf of the Board of Directors

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

Place : New Delhi
Date : August 03, 2018

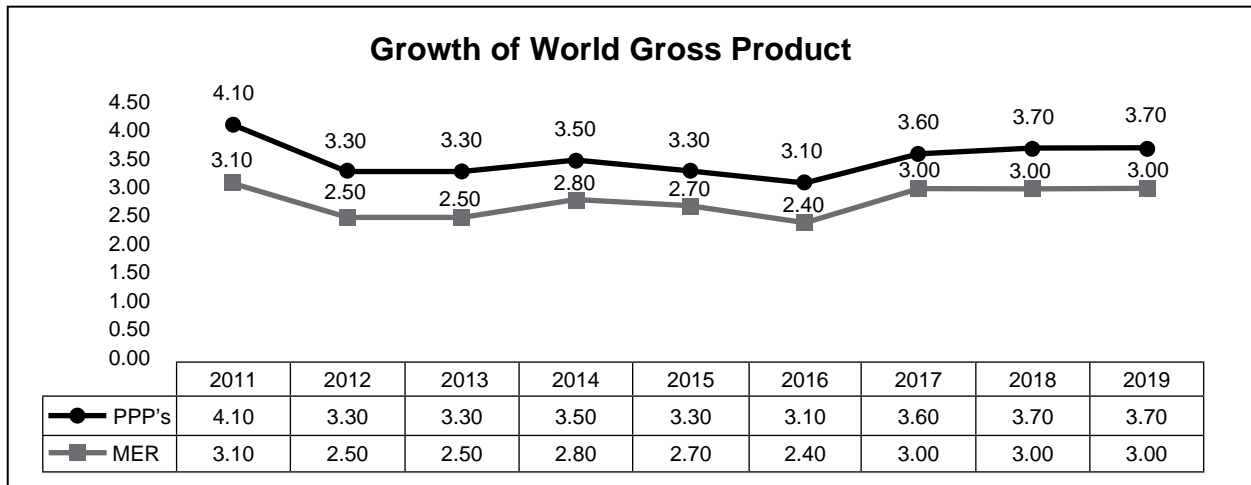
ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS

1. ECONOMIC OVERVIEW

1.1 Global Economic Overview

The FY 2017-18 has witnessed a generous amount of structural changes in the development of the World Economy. The upswing that started in mid-2016 has become broader and stronger. Global growth seems to be in harmony with the estimated rate of 3.7 per cent this year as well as next year by considering purchasing power parity.



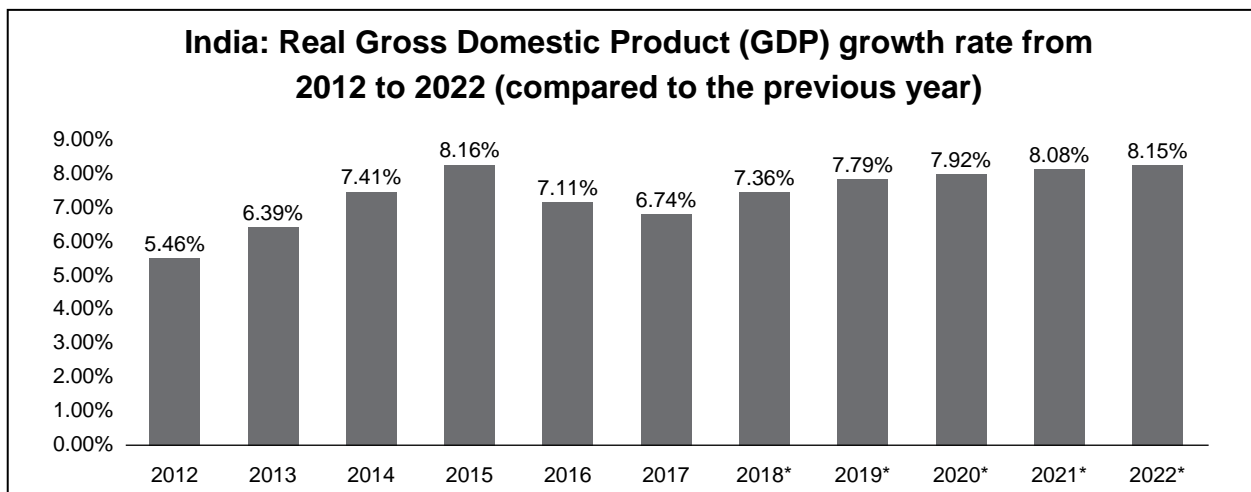
Where, PPP = Purchasing Power Parity, MER= Market Exchange Rates (Source: World Economic Situation and Prospects 2018)

Advanced economies will continue to grow above their expectations while the growing economy will rise before levelling off. Such a broad-based and robust growth has not been seen since 2010, which is noted as the year of bounce-back post-crisis period backed by strong policy and transparency. Critical components for understanding overall economic development are population growth, age distribution and other structural employment trends. It is observed that in the advanced economies, an ageing population and lower advances are making it hard for them to return to the pre-crisis pace of an average household income. Whereas, developing economies are playing a significant role in the global growth. Half of the growth accounted from East and South Asia whereas one-third from the Chinese economy. In the Developing nations like India, the young population stands to be an asset to the growth of the economy. Global growth is on an upswing but such favourable conditions will not last forever and now is the moment to get ready for leaner times. While there are countries who can do on its own, multilateral cooperation on a range of issues- stretching from the trade, reducing global imbalances, cybersecurity to climate- remains essential.

(Source: IMF, World Economic Outlook April 2018, United Nations-World Economic Situation Prospects 2018, World Bank Group Flagship Report-Global Economic Prospects, June 2018)

1.2 Indian Economic Scenario

During the FY 2017-18, India experienced a growth rate of a sparkling 6.7 per cent. India is set to be the fastest growing major economy in the world with a growth rate of 7.4 per cent in 2018 followed by 7.8 per cent in 2019. As per the International Monetary Fund and Central Statistics Organisation, India has shown a remarkable presence worldwide and expected to reach one of the top three economies in the next 10-15 years.



(* Projections from 2018 up to 2022. Source: www.statista.com)

Implementation of Goods and Service Tax (GST) w.e.f. 1st July, 2017 has brought a structured change in the economy leading to reduced trade barriers, increased efficiency and improved tax compliances. Growth suffered in the first half while the rest of the world's growth was accelerated even though India remained the second best performer among the major countries. In the second half of the year, the nation observed surprising signs of revival as the effects of the shock of the newly implied GST faded in. Since the beginning of 2018, it seems to be on the path of recovery with essential indicators as industrial production, stock market index, auto sales and exports showing upward progression. The most significant challenges in the projected growth of the economy in 2018 are to maintain its recovery in the ever-increasing inflation, increasing debt burden, high fiscal debt and inclusiveness in employment. Particular attention needs to be given to lift constraints on job creation and ensuring that our demographic diversity is not wasted.

The Government of India has taken numerous initiatives to improve the economic situation. It resulted in enhancing the ranking of the country from 130th position in 2017 to 100th position in 2018 in World Bank's Ease of Doing Business Index. The Union Budget 2018-19 was announced by Mr. Arun Jaitley, Union Minister of Finance, with further focus on strengthening the scenario of the agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education.

OUTLOOK

India has taken crucial steps to make its global presence through significant reforms in different areas such as Foreign Trade Policy, Taxation and FDI. Government initiatives reinforced to strengthen the economy, which resulted in an efficient change. GDP is estimated to reach US\$ 6 trillion by FY 2027. In India, Science, Research and Technology stand for the potential energy which works directly with the growth and success. It will motivate the country to concentrate more on three core components: the creation of digital infrastructure, digital delivery of services and improvement in the digital literacy.

(Source: IMF, World Economic Outlook April 2018, United Nations-World Economic Situation Prospects 2018, World Bank Group Flagship Report-Global Economic Prospects, June, 2018 www.ibef.org).

2. INDUSTRY STRUCTURE AND DEVELOPMENT

2.1 Global Automobile Industry

The Automotive Industry is evolving every moment with the advent of newer technologies. It is responsible for creating tremendous opportunities in the market. Vehicle Sales is reckoned to touch the threshold of 100 million by 2019 with estimated sales close to 98 million in 2018, posting a 2.5 per cent increase. Electric Vehicles (EVs) are becoming more and more affordable with exponential growth in sales with the aim of capturing the market due to its penetrating price strategy. Apart from the reduced battery prices, other key trends in the automotive industry include voice recognition-driven personal assistants such as Amazon Alexa and Google Assistant with application of deep learning in Autonomous Vehicle (AV) development. The challenges faced by the industry lies in its ability to cope with uneven market tempo and to manage market's transition from fuelled cars to EV and connected vehicles. At the same time, emission requirements are intensifying, increasing the pressure on manufacturers. The industry may have to do some retooling to keep up with the emerging trend for Electric Vehicles. At this point, productions of diesel and petrol car are not sensible due to the environmental protection as its benefits can be enormous with the preference of EVs over traditional vehicles. Electric Vehicles take fewer parts to produce and require less maintenance. Thus, the policymakers and the businesses must anticipate the potential consequences for Electric Vehicles. It needs a proper implementation of the right policies for a new way ahead.

(Source: IMF, Businesswire)

2.2 Indian Automobile Industry

The Indian Auto Industry has grown remarkably and has become the 4th largest in the world. The sector contributes 7.1 per cent of the country's Gross Domestic Product (GDP). India is also a leading auto exporter with a growth rate of 15.81 per cent YoY in the FY 2017-18. The Indian auto industry is on the verge of transformation, moving from BS-IV to BS-VI and later to electric vehicles. Despite various headwinds post GST and no clarity on the Electric Vehicle policy, the auto industry recorded a dynamic milestone in the FY 2017-18. In FY 2017-18, around 3.3 million units of passenger vehicles were sold touching an all time high with 7.9 per cent domestic growth. Two-Wheelers registered highest ever production to roll out 23 million units of scooters and motorcycles combined with 15.4 per cent growth. Commercial Vehicles too created a new record of selling 8,56,453 units with almost 20 per cent growth. Three-Wheelers registered the highest sales ever at 6,35,698 units with 24 per cent growth.

Automobile Domestic Sales Trends

(Units)

Category	2016-17	2017-18
Passenger Vehicles	30,47,582	32,87,965
Commercial Vehicles	7,14,082	8,56,453
Three Wheelers	5,11,879	6,35,698
Two Wheelers	1,75,89,738	2,01,92,672
Grand Total	2,18,63,281	2,49,72,788

(Source: SIAM)

In the FY 2017-18, total domestic sales stood at 2,49,72,788 units as compared to 2,18,63,281 units in FY 2016-17. Total exports have shown growth in the same direction from 34,79,169 units in FY 2016-17 to 40,40,172 units in FY 2017-18.

OUTLOOK

The Government of India allowed 100 per cent Foreign Direct Investment under the automatic route to encourage foreign investments. According to the Department of Industrial Policy and Promotion (DIPP), Foreign Direct Investments have been attracted by the industry which amounted to US\$ 18.413 billion during the period of April, 2000 to December, 2017. Recent initiatives of the government in the Auto Industry include shortlisting 11 cities for introducing EVs under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles) in India under Ministry of Heavy Industries. It is procuring 10,000 e-vehicles, contracts being awarded to Tata Motors (250 e-cars) and Mahindra and Mahindra (150 e-cars) under the Ministry of Power and New and Renewable Energy. In addition to this, a committee is proposed to be set up by the government to develop an institutional framework for large-scale production and adoption of EVs in India as a clean energy mode. This will bring down adverse environmental effects caused by the soaring pollution levels. The Indian Automotive market is projected to grow to USD 16 Billion by 2021 from USD 7 Billion in 2016. Indian Auto Industry provides great opportunities of investments directly linked to growth due to three key drivers: Low-cost steel production, skilled labour and robust R&D.

(Source: SIAM & IMF, www.ibef.org).

2.3 Indian Auto Component Industry

The Auto Component Industry has performed effectively over the last few years. A buoyant end-user market, improved consumer sentiment and the return of adequate liquidity are the key drivers. After-market sales efficiently changed the overall industry which is expected to grow to US\$ 49 billion in FY 2017-18. It is accounted to be 2-3 per cent of India's GDP with an engagement of 1.5 million people directly and indirectly.

OUTLOOK

Government backing, increasing Purchasing Power, Infrastructure growth and huge national demand are some of the important factors for making this Industry a favourable investment destination.

(Source: www.ibef.org)

COMPANY REVIEW

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

OPPORTUNITIES

Overall, the Global Automotive Industry is in good shape. Particularly in the US market where sales and profits are showing market improvements and China, where growth remains strong. The growth of global OEM sourcing from India and the increased indigenisation of global OEMs is turning the country into a preferable designing and manufacturing base. India is expected to become the fourth largest automobiles producer globally by 2020 after China, US and Japan. Growing working population, rapid urbanization, boost in rural economy and rising middle class income are expected to remain key demand drivers. The Company's internal R&D centre gives platform to innovate and prepare itself for newer technologies and solutions to the OEMs. New expansions and facilities are coming up in Bawal, Pathredi and Chennai which are in various stages of completion. The Company continues to focus on developing more products for clients and after markets. The Company's approach has effectively converted the current challenges into opportunities.

THREATS AND ITS MANAGEMENT

The Company is capable to respond swiftly to risks and implement necessary mitigation activities, supported by the cautious approach undertaken to identify and analyze internal and external risks and minimize its impact on operations.

The Company has global presence and exposed to risks associated with global organizations and automotive industry in particular. The impact of protection by various countries by imposing tariffs can also be a risk factor for the industry. Competition among industry players is intense as government has already deregulated the sector. Foreign firms (Hyundai, Ford, Renault – Nissan, Volkswagen, etc.) are increasing their presence and many more like Kia, MG Rover are planning to enter this high potential market. Relative to competitors, India is geographically closer to key automotive markets like the Middle East and Europe. The Company is capable to mitigate the risk as it has diverse portfolio of products across auto components industry, which helps it to shift focus to other customers and geographies. Cheaper imports of components from China are increasing. The threat level is medium, given the concentration of industry clusters in specific strategic centres.

The Industry is also facing the 2020 BS-VI directive and all manufacturers are gearing up internally to develop the powertrains to meet the environmental regulation. Based on Government of India vision to have majority Electric Vehicles (EVs) by 2030, there will be an added pressure on the OEMs for EVs development which may result in new joint ventures & technical arrangements between industry players. This could also lead to major disruption in the auto component industry especially in the Engine and Transmission space. The Company's efficient financial planning, has ensured a healthy debt-equity ratio. A mix of loan portfolio and internal cash accruals is carried out to fund its expansion plans. Business operations and growth could also be impacted by attrition of key personnel. Regular training, performance management system and motivation initiatives help the Company in retaining knowledge capital.

OUTLOOK

With the improvement in the business scenario and strategic initiatives taken by your Company, we expect a revenue growth of above 15 per cent in 2018-19. We have been able to add new business from current customers as well as get new customers into our fold. We have also

embarked on a major automation drive along with continued LEAN transition. Your company has also initiated the Aftermarket Business this year. We have entered into Aftermarket business for two-wheeler and four-wheeler. Products initiated are Wheels and Braking System, Clutch Assembly and Other Components.

Keeping an eye on the future, we have also taken steps to enter into the EV powertrain parts and some other products such as Turbo Manifolds, Structural Parts etc. We are also developing new clutches and Continuously Variable Transmission (CVT) for two-wheeler parts. We expect exports to grow by around 15 per cent over the previous year based on increased demand on some of the running programs and launch of new programs.

FINANCIAL PERFORMANCE (STANDALONE)**1. Revenue**

Gross revenue of ₹1118.25 crores was recorded in the financial year ended 31st March, 2018 as against revenue of ₹1042.17 crores in the previous year, a growth of 7.30 per cent. The total revenue for the financial year ended 31st March, 2018 includes export revenue of ₹268.84 crores as against ₹253.59 crores in the previous year, a growth of 6.01 per cent.

2. Profits

The Company has earned Profit before Interest, Depreciation and Tax (PBITD) of ₹127.99 crores during the financial year ended 31st March, 2018 over the previous year's PBITD of ₹113.65 crores. The Profit before Tax of ₹63.12 crores and Profit after Tax of ₹49.64 crores were recorded in the financial year 2017-18. In order to address the impact of interest rate, material cost, energy cost, availability of power and volatility in foreign exchange, your Company is taking appropriate measures to improve the profitability for a sustained growth.

3. Earnings Per Share (EPS)

The Basic and Diluted EPS of ₹1/- paid-up share is ₹3.67 and ₹3.67 respectively for the financial year ended 31st March, 2018. The previous year's Basic and Diluted EPS was ₹3.53 and ₹3.53 respectively on ₹1/- paid-up share.

4. Dividend

During the financial year ended 31st March, 2018, your Company has paid an Interim Dividend @ 40 per cent i.e. ₹0.40 per Equity Share of ₹1/- each, amounting to ₹6.51 crores including dividend tax of ₹1.10 crores which was declared by the Board of Directors on 9th February, 2018 and paid on 28th February, 2018. In addition, your Directors recommended a Final Dividend @ 40 per cent i.e. ₹0.40 per Equity Share of ₹1/- each for the financial year 2017-18. If approved, the total dividend (interim and final) will amount to ₹13.02 crores including dividend tax of ₹2.20 crores as against a dividend of 75 per cent i.e., ₹0.75 per Equity Share of ₹1/- each aggregating to ₹12.22 crores including dividend tax of ₹2.07 crores in the previous year on the same Equity Share Capital.

5. Reserves and Surplus

The reserves and surplus of the Company stood at ₹530.73 crores as against ₹500.44 crores in the previous year. During the financial year 2017-18, no amount was transferred to general reserves.

6. Loan Funds

Total debt outstanding as on 31st March, 2018 stands at Term Loan & Buyers Credit of ₹125.99 crores and Working Capital Loan of ₹127.71 crores aggregating to ₹253.70 crores as against Term Loan & Buyers Credit of ₹120.46 crores and Working Capital Loan of ₹109.91 crores aggregating to ₹230.37 crores in the previous year. Low cost funds have substituted high cost loans, improving the finance cost.

RISKS AND CONCERNS

The Company is exposed to external and internal risks associated with the business. The operations of the Company are directly dependent

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

RICO EXECUTIVE COMMITTEE (REC)

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

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

There are 3023 employees including 1626 contractual employees in the Company as on 31st March, 2018.

ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT

The Company is committed to continuous improvement in Environment, Health and Safety Systems (EHS) in the organization and ensuring compliance with all applicable legal and customer requirements. Behaviour Based Safety and Clean Development Mechanism (CDM) Projects are new initiatives taken to inculcate safe working culture and to reduce carbon emission. We provide safety training to our employees

on different aspects of safety, health and environment. Training covers new-hire induction and periodic refresher training for all employees and third party employees. We too enhance environment, health and safety awareness among our employees through mock drills, various competitions and campaigns. We also encourage employee's family to participate in various EHS events to create awareness beyond RICO.

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

INFORMATION TECHNOLOGY

The Company is continually acquiring state-of-the-art technology and information resources. Continuous improvement in terms of availability and security of information is our prime motto. Several initiatives are taken to improve automation, process performance & controls. Technologies like Private Cloud and Cloud Storage are helping us to protect vital information in the event of any disaster. The Company is moving more towards generating business intelligence reports using IT Infrastructure & implementing collaboration technology to improve productivity.

INDIAN ACCOUNTING STANDARDS (Ind AS)

The Company, its subsidiaries and joint venture had adopted Ind AS with effect from 1st April, 2017, pursuant to the Ministry of Corporate Affairs (MCA), notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015. The Company has assessed its financial reporting framework taking into consideration Ind AS and has identified major points of difference. The Company has also completed the modification of accounting and reporting systems for implementation of Ind AS.

RESEARCH AND DEVELOPMENT (R&D)

Evolving technologies in the automotive world, forcing component manufacturers to offer high level of technical skills. RICO Research & Development team continuously stay abreast with the latest developments & works to provide solutions for the new challenges. Team has developed various new products & processes for its customers across the globe to meet enhanced product requirements.

Research & Development team continuously working on some of the initiatives like development of two-wheeler clutches, friction material, structural parts, stainless steel casting etc., which will open new avenues for business growth both in India and overseas markets.

CAUTIONARY NOTE

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

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

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

The Company is in compliance with the requirements of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the compliance report for the period from 1st April, 2017 to 31st March, 2018 on the Corporate Governance is given below:

1. COMPOSITION OF BOARD

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

Particulars of Directors of the Company and their Directorship in other Companies, Membership/Chairmanship in committees across all Companies in which they are Directors and shareholding in the Company as on 31st March, 2018 are as follows:

Name of the Director/Category	DIN	Number of Committees		Number of other Directorship held*	Shareholding as on 31/03/2018
		Membership held*	Chairmanship held*		
Non-Executive Independent Directors					
Shri Kanwal Monga	00153473	–	–	1	Nil
Shri Amarjit Chopra	00043355	1	3	3	Nil
Dr. Ashok Seth	00050540	–	–	–	25000
Shri Satish Sekhri	00211478	3	2	3	1900
Shri Rajeev Kapoor	02051466	1	–	1	Nil
Shri Vinod Kumar Nagar	02487061	2	–	1	Nil
Non-Executive Directors					
Shri Rakesh Kapur	00100359	1	–	2	2398720
Smt. Upasna Kapur	00327461	–	–	1	966920
Executive & Promoter Directors					
Shri Arun Kapur Joint Managing Director	00100270	–	–	1	8651160
Shri Arvind Kapur Chairman, CEO & MD	00096308	2	–	2	12652460

* Excluding Private Limited Companies, Foreign Companies and LLPs.

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

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

A. Managing Director and Joint Managing Director

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

B. Board Meetings

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

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

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

*34th Annual General Meeting (AGM) held on 22nd September, 2017 at the Registered Office of the Company.

The Board met four times during the financial year 2017-18. The meetings were held on 26/05/2017, 04/08/2017, 02/12/2017 & 09/02/2018. The interval between any two meetings was well within the maximum period of 120 days.

C. Post Meeting Follow-up

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

D. Familiarisation Programme for Independent Directors

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

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

E. Board Evaluation

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

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

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations and the Guidance Note of Board Evaluation issued by SEBI in January, 2017, your Company has carried out Performance Evaluation in respect of above for the financial year ended 31st March, 2018.

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

F. Independent Directors

Independent Directors of the Company met separately on 9th February, 2018, without the presence of Non-Independent Directors and members of Management. Except Dr. Ashok Seth, all the Independent Directors were present at this meeting. In accordance with the provisions of Listing Regulations and the Companies, Act, 2013, following matters were, inter alia, reviewed and discussed in the meeting:

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

2. COMMITTEES OF THE BOARD

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

The Board has the following Committees:

A. AUDIT COMMITTEE

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

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

The composition and attendance of the Audit Committee is as under:

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

The Audit Committee met four times during the financial year 2017-18. The meetings were held on 25/05/2017, 04/08/2017, 02/12/2017 & 09/02/2018.

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

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

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

B. NOMINATION AND REMUNERATION COMMITTEE

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

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

i) Composition & Attendance

At present, the Nomination and Remuneration Committee consists of four Independent Directors and one Executive Director. The Committee Meetings were held on 25/05/2017, 04/08/2017 & 09/02/2018 during the financial year 2017-18. The composition and attendance is as under:

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

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

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

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

iii) Remuneration to Directors

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

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

Besides the above, there are no other pecuniary relationships or transactions with the Company. Neither Managing Director nor Joint Managing Director received any remuneration or commission from any of the Company's subsidiaries.

Details of the Remuneration payable/paid to Directors during the financial year 2017-18 are given below:

(₹ in Lakhs)

Name of the Director	Sitting Fees	Salary	Perks	Commission	Total
Non-Executive Directors					
Shri Kanwal Monga	1.80	N.A.	N.A.	8.50	10.30
Shri Amarjit Chopra	4.85	N.A.	N.A.	8.50	13.35
Dr. Ashok Seth	1.10	N.A.	N.A.	8.50	9.60
Shri Satish Sekhri	4.85	N.A.	N.A.	8.50	13.35
Shri Rajeev Kapoor	4.75	N.A.	N.A.	8.50	13.25
Shri Vinod Kumar Nagar	4.25	N.A.	N.A.	8.50	12.75
Shri Rakesh Kapur	2.35	N.A.	N.A.	8.50	10.85
Smt. Upasna Kapur	2.00	N.A.	N.A.	8.50	10.50
Executive Directors					
Shri Arun Kapur	N.A.	38.71	25.94	37.35	102.00
Shri Arvind Kapur	N.A.	134.90	48.58	149.73	333.21

IV) Remuneration Policy

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

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

V) Stock Option

At present the Company has no stock option plans.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

The Stakeholders Relationship Committee met four times during the financial year 2017-18. The meetings were held on 25/05/2017, 04/08/2017, 02/12/2017 & 09/02/2018. The Committee deals in matters relating to redressing of investors complaints such as non-receipt of shares, non-receipt of dividends and other related matters.

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

The total number of complaints received and replied to the satisfaction of shareholders during the year ended 31st March, 2018 were seventeen (17). There were no pending complaints as on 31st March, 2018.

D. SHARE TRANSFER COMMITTEE

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

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Arvind Kapur	Chairman	14	14
Shri Vinod Kumar Nagar	Member	14	10
Shri Arun Kapur	Member	14	8
Shri Rakesh Kapur	Member	14	14

The Share Transfer Committee met fourteen times during the financial year 2017-18. The meetings were held on 15/04/2017, 25/04/2017, 26/05/2017, 14/06/2017, 04/08/2017, 17/08/2017, 15/09/2017, 09/11/2017, 02/12/2017, 18/12/2017, 25/01/2018, 09/02/2018, 06/03/2018 & 28/03/2018. The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate and split share certificates, review of dematerialized and rematerialized shares.

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

E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Rajeev Kapoor	Chairman	3	3
Dr. Ashok Seth	Member	3	2
Shri Arun Kapur	Member	3	3
Shri Rakesh Kapur	Member	3	3

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

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

The CSR Committee met three times during the financial year 2017-18. The meetings were held on 26/05/2017, 04/08/2017 & 02/12/2017.

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

The Company has CSR Policy which is available at Company website <http://www.ricoauto.in/investor-relation.html>. The CSR Report for the financial year 2017-18 is annexed with the Directors' Report.

3. DETAILS OF GENERAL BODY MEETINGS

Financial Year	Type of Meeting	Location of Meeting	Date	Time
2014-2015	32 nd AGM	Registered Office at Dharuhera	29/09/2015	12.00 Noon
2015-2016	33 rd AGM	Registered Office at Dharuhera	23/09/2016	12.00 Noon
2016-2017	34 th AGM	Registered Office at Gurugram	22/09/2017	12.00 Noon

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

32nd AGM (29/09/2015)

1. Approval for Payment of Commission to Non-Executive Directors for the period from 1st April, 2015 to 31st March, 2020.
2. Approval for Re-appointment of Shri Arun Kapur (DIN:00100270) as Joint Managing Director and Payment of Remuneration.
3. Approval of Related Party Transactions.
4. Approval for Adoption of new set of Articles of Association of the Company pursuant to the provisions of Companies Act, 2013.

33rd AGM (23/09/2016)

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

34th AGM (22/09/2017)

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

Postal Ballot

During the year, no resolution was passed through Postal Ballot and no resolution is proposed to be passed through Postal Ballot as on the date of this report.

4. DISCLOSURES

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

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

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

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

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

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

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

iv) **Risk Management:**

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

v) **Disclosure of Accounting Treatment:**

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

vi) **Preferential Issue:**

During the financial year 2017-18, no Preferential Issue was made.

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

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

viii) **Compliance with Mandatory Requirements:**

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

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

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

a) **The Board**

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

b) **Shareholder Rights**

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

c) **Audit Qualifications**

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

d) **Separate posts of Chairman and CEO**

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

e) **Reporting of Internal Auditor**

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

x) **Related Party Transaction**

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

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

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

5. **MEANS OF COMMUNICATION**

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

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

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

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

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

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

Shri K.K. Sachdeva of M/s. K.K. Sachdeva & Associates, Company Secretaries (CP No.4721, FCS No.7153) carried out Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital as on 31st March, 2018 is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Report is being submitted to the Stock Exchanges and is also placed before the Board Meetings from time to time for confirmation.

7. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI Regulations, the Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

The Board is responsible for implementation of the Code. All Directors and the designated employees have confirmed compliance with the Code.

8. DIVERSITY ON THE BOARD OF THE COMPANY

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

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

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

10. CODE OF CONDUCT

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

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

I hereby confirm that:

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained from all the Board Members and Senior Management personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management in respect of the financial year ended 31st March, 2018.

Place : Gurugram
Date : May 25, 2018

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

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

This is to certify that:

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These financial statements and other financial information included in the report, present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2018 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee that there are no deficiencies in the design or operation of internal controls.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) that there has not been any significant changes in internal control over financial reporting during the year under report;
 - ii) that there has not been any significant changes in accounting policies except Ind-AS adoption during the year, and the same have been disclosed in the notes to the financial statements; and
 - iii) that we are not aware of any instances during the year under report of any fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Gurugram
Date : May 25, 2018

Rakesh Kumar Sharma
Chief Financial Officer

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

GENERAL SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**

Day, Date and Time : Saturday, 29th September, 2018 at 12.00 Noon

Venue : 38 KM Stone, Delhi-Jaipur Highway,
Gurugram - 122001 (Haryana) India
2. **Financial Calendar**

Financial Year : 1st April to 31st March

For the year 2017-18, Results were announced on

First quarter ended 30th June, 2017 : 4th August, 2017

Second quarter and half year ended 30th September, 2017 : 2nd December, 2017

Third quarter ended 31st December, 2017 : 9th February, 2018

Fourth quarter and year ended 31st March, 2018 : 25th May, 2018

For the year 2018-19, Results will be announced on (Tentative)

First quarter ended 30th June, 2018 (announced) : 3rd August, 2018

Second quarter and half year ending 30th September, 2018 : November, 2018

Third quarter ending 31st December, 2018 : February, 2019

Fourth quarter and year ending 31st March, 2019 : May, 2019
3. **Dates of Book Closure** : 22nd September, 2018 to
29th September, 2018
(both days inclusive)
4. **Dividend Payment Date** : Dividend @ Re.0.40 per share would be paid within 30 days
of declaration by the Shareholders in the Annual General
Meeting.
5. **Registered Office** : 38 KM Stone, Delhi-Jaipur Highway,
Gurugram - 122001 (Haryana) India
6. **Registrar and Transfer Agent** : M/s. MCS Share Transfer Agent Limited
(Common for Physical Transfer as well as
Dematerialisation of Shares) F-65, Okhla Industrial Area
Phase I, New Delhi - 110 020
7. **Plant Locations**

<p>Dharuhera Plant 69 KM Stone, Delhi-Jaipur Highway Dharuhera, Distt. Rewari - 123110 (Haryana) India</p> <p>Gurugram Plant 38 KM Stone, Delhi-Jaipur Highway Gurugram - 122001 (Haryana) India</p> <p>Haridwar Plant Plot No.1, Industrial Park IV, Village Begumpur, Distt. Haridwar - 249403 (Uttarakhand) India</p> <p>Sanand Plant Plot No.D2, Tata Motors Vendor Park, Village Sanand, P.O. Viroch Nagar, Ahmedabad - 382170 (Gujarat) India</p> <p>Chennai Plant Plot No.A9, SIPCOT Industrial Growth Centre, Oragadam, Chennai - 602105 (Tamilnadu) India</p> <p>Bawal Plant Plot No.23, Sector-5, HSIIDC, Phase-II, IMT Bawal - 123501, Distt. Rewari (Haryana) India</p>	<p>Bawal Plant : Rasa Autocom Limited Plot No.21, HSIIDC Phase-II, IMT Bawal - 123501 Distt. Rewari (Haryana) India</p> <p>Bawal Plant : Rico Jinfei Wheels Limited Plot No.22, HSIIDC Phase-II, IMT Bawal - 123501 Distt. Rewari (Haryana) India</p> <p>Manesar Plant : Rico Jinfei Wheels Limited Plot No.397, Sector-8, IMT Manesar, Gurugram - 122050 (Haryana) India</p> <p>Manesar Plant : Rico Aluminium & Ferrous Auto Components Ltd. Plot No.84, Sector - 8, IMT Manesar, Gurugram - 122050 (Haryana) India</p> <p>Manesar Plant : Magna Rico Powertrain Private Limited Plot No.11, Sector-8, IMT Manesar, Gurugram - 122050 (Haryana) India</p> <p>Pathredi Plant : (Under Construction) Plot No.SP3 - 800 & 801, Industrial Area Pathredi, Distt. Alwar - 301019 (Rajasthan) India</p>
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8. Share Transfer System

Physical

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

Demat

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

9. Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Annual Listing Fees for the Financial Year 2018-19 have been paid to the Exchanges:

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

10. Dematerialisation of Shares and Liquidity

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

Break-up of Shares in Physical and Demat segment as on 31st March, 2018

Segment	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Physical	982	1.56	603501	0.45
Demat	61991	98.44	134681499	99.55
Total	62973	100.00	135285000	100.00

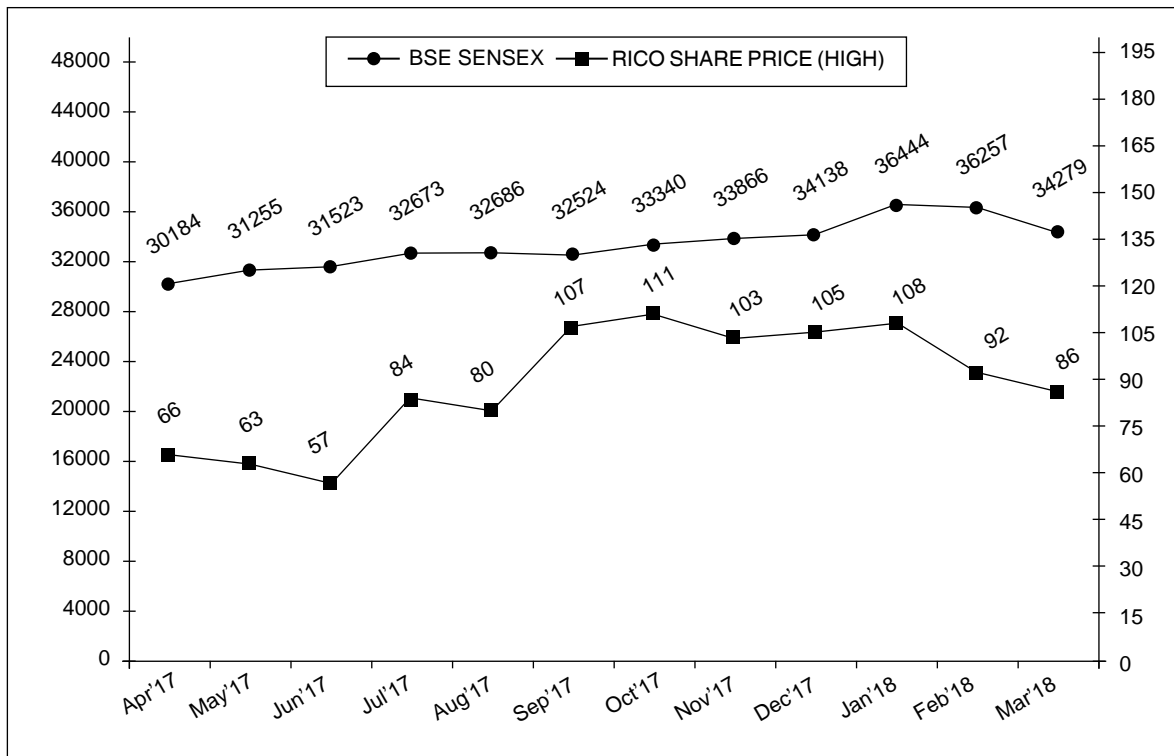
11. Stock Market Data

The closing price as on 31st March, 2018 of the Equity Shares at BSE and NSE is ₹78.65 & ₹78.35 respectively. Monthly high & low price and volume of shares of ₹1/- each traded at BSE and NSE for 2017-18 are as under:

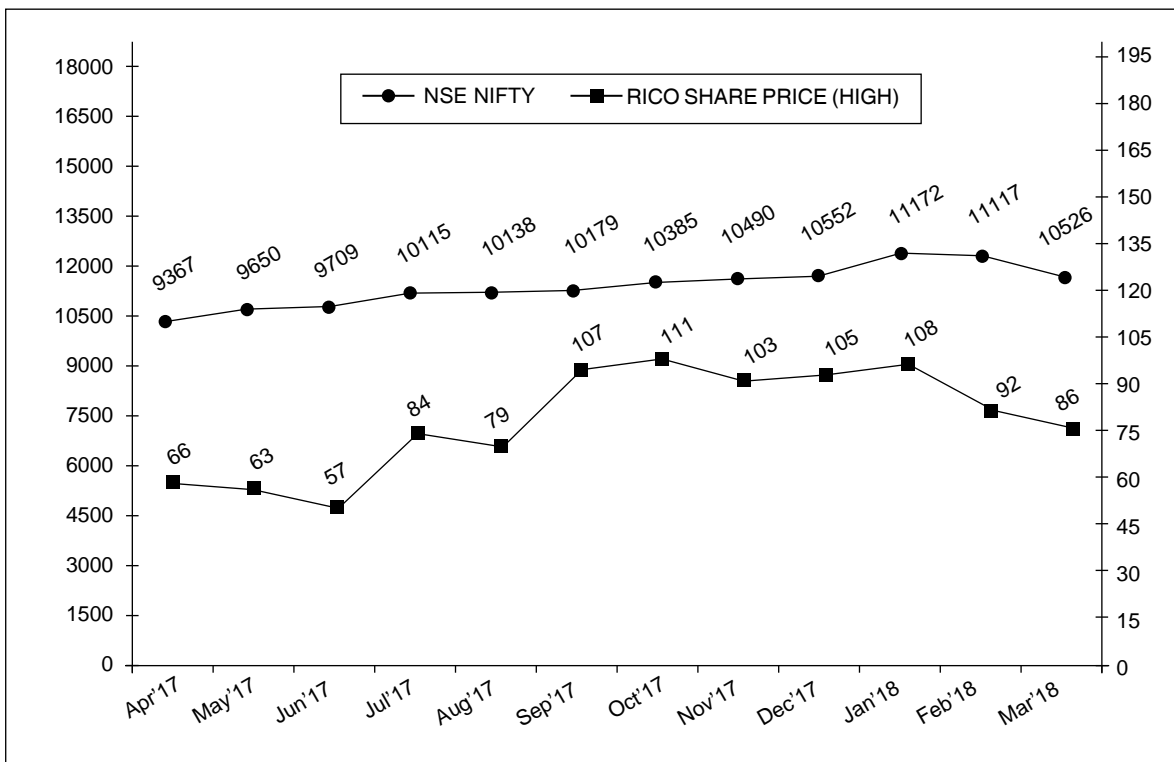
Month/Year	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (₹)	Low (₹)	Volume of Shares Traded	High (₹)	Low (₹)	Volume of Shares Traded
April, 2017	65.80	57.25	3219917	65.80	57.00	13646543
May, 2017	63.15	50.55	2080320	63.20	50.80	9204407
June, 2017	57.00	43.75	1807037	57.15	47.70	8010979
July, 2017	83.90	55.40	11781606	83.95	55.40	54515992
August, 2017	79.50	62.25	3506104	79.30	62.10	14837701
September, 2017	107.25	72.10	13273715	107.25	72.20	69972029
October, 2017	110.90	92.15	6564162	110.90	92.75	33818598
November, 2017	102.65	88.10	2282262	102.50	88.50	14071653
December, 2017	104.95	86.70	4709825	104.75	86.50	28151268
January, 2018	108.25	84.00	4166100	108.40	85.15	21315017
February, 2018	91.50	70.55	2435768	91.70	72.00	8405676
March, 2018	85.65	68.00	2056666	85.80	67.75	13532964

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

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



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



13. Distribution of Shareholding as on 31st March, 2018

No. of Equity Shares held	No. of Shareholders	Percent of Shareholders	No. of Shares	Percent of Shareholding
1 – 5000	61652	97.90	24616385	18.20
5001 – 10000	729	1.16	5405157	4.00
10001 – 20000	317	0.50	4603010	3.40
20001 – 30000	85	0.14	2145871	1.58
30001 – 40000	46	0.07	1620619	1.20
40001 – 50000	31	0.05	1429544	1.06
50001 – 100000	50	0.08	3416824	2.52
100001 & above	63	0.10	92047590	68.04
Total	62973	100.00	135285000	100.00

14. Shareholding Pattern as on 31st March, 2018

Category of Shareholders	No. of Shares (Demat Mode)	No. of Shares (Physical Mode)	Total No. of Shares	Percent of Shareholding
Promoter and Promoter Group	67779978	–	67779978	50.10
Mutual Funds/UTI	11403658	–	11403658	8.43
Financial Institutions/ Banks	28423	–	28423	0.02
Foreign Institutional Investors	1065672	–	1065672	0.79
Bodies Corporate	5904630	–	5904630	4.36
NRI	2120600	–	2120600	1.57
Co-operative Societies	–	–	–	–
Trusts & Foundations	21520	–	21520	0.02
IEPF Authority	38492	–	38492	0.03
Indian Public	46318526	603501	46922027	34.68
Total	134681499	603501	135285000	100.00

15. Unclaimed Shares Suspense Account

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

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

Sl. No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate number of Shareholders and the outstanding shares in the Suspense Account lying at the beginning of the year (01.04.2017)	6513	1394340
2.	Number of Shareholders who approached the Company for transfer of shares from Suspense Account during the year	68*	82100
3.	Number of Shareholders to whom shares were transferred from Suspense Account during the year	68*	82100
4.	Aggregate number of Shareholders and the outstanding shares in the Suspense Account lying at the end of the year (31.03.2018)	6447	1312240

*Total 68 shareholders approached the Company for transfer of shares during the year 2017-18, out of above 2 Shareholders have not claimed their full shareholding.

The voting rights on the shares in the Unclaimed Suspense Account as on 31st March, 2018 shall remain frozen till the rightful owners of such shares claim the shares.

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

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

17. Unclaimed Dividends

Pursuant to the provisions of Sections 124 & 125 of the Companies Act, 2013 the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government.

Member(s) who have not yet encashed their dividend warrant(s) is/are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2010 have already been transferred to the Investor Education and Protection Fund (IEPF).

Date of Transferring Unclaimed Dividend to the IEPF Authority

Year	Rate of Dividend (percent)	Date of Declaration	Due date for transfer to IEPF
2011	Final – 20	30/09/2011	30/10/2018
2012	Final – 15	29/09/2012	29/10/2019
2013	Final – 15	30/09/2013	30/10/2020
2014	Final – 10	30/09/2014	30/10/2021
2015	Interim – 100	14/02/2015	14/03/2022
2015	Final – 200	29/09/2015	29/10/2022
2016	Interim – 50	10/03/2016	10/04/2023
2016	Final – 10	23/09/2016	23/10/2023
2017	Final – 75	22/09/2017	22/10/2024
2018	Interim – 40	09/02/2018	09/03/2025

Unclaimed Dividend as on 31st March, 2018

Year	Rate of Dividend (percent)	No. of Warrants issued	Amount of Dividend (₹)	Amount of Unclaimed Dividend (₹)	Unclaimed Dividend (percent)
2011	Final – 20	54441	27057000.00	402898.00	1.48
2012	Final – 15	52225	20292750.00	321029.25	1.58
2013	Final – 15	42173	20292750.00	397084.05	1.96
2014	Final – 10	37426	13528500.00	270735.40	2.00
2015	Interim – 100	38399	135285000.00	2181794.00	1.61
2015	Final – 200	40315	270570000.00	3891724.00	1.43
2016	Interim – 50	48718	67642500.00	1248479.50	1.85
2016	Final – 10	46216	13528500.00	263977.70	1.95
2017	Final – 75	49679	101463750.00	2799585.75	2.76
2018	Interim – 40	60956	54114000.00	1132192.80	2.09

18. Shares transferred to IEPF Authority

Section 124(6) of the Companies Act, 2013 and IEPF Rules, mandates Companies to transfer the shares of Members whose dividend remain unpaid/unclaimed for a consecutive period of seven years to the Demat Account of IEPF Authority. In view of the same, during the year, the Company has transferred 38492 equity shares of the face value of ₹1/- each in respect of 332 shareholders to the Demat Account of IEPF Authority and filed the Form IEPF-4 with MCA on 23rd December, 2017. Details of such shareholders, whose shares are transferred to IEPF Authority and their unpaid dividends for subsequent years are available on the website of the Company at <http://www.ricoauto.in/investor-relation.html>.

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

19. National Electronic Clearing Service (NECS) Facility

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

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

20. Nomination Facility

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

21. MCA's Green Initiative for Paperless Communications

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

form are requested to register the same with the Company's Registrar and Share Transfer Agent, M/s. MCS Share Transfer Agent Limited, New Delhi.

22. **SEBI Complaints Redress System (SCORES)**

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

23. **Subsidiary Companies**

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

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

24. **Web link for various Policies of the Company**

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

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

25. **Investors/Shareholders Correspondence**

- | | | | |
|------|---|---|---|
| i) | Any queries relating to the Financial Statements of the Company | : | Shri Rakesh Kumar Sharma
Chief Financial Officer
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway
Gurugram - 122001 (Haryana) India
Tel : (91)(0124) 2824226, 2824000
E-mail : rakeshsharma@ricoauto.in |
| ii) | Payment of dividend on Shares and any other queries relating to Annual Report | : | Shri B.M. Jhamb
Company Secretary
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway
Gurugram - 122001 (Haryana) India
Tel : (91)(0124) 2824221, 2824000
Fax: (91)(0124) 2824200
E-mail : bmjhamb@ricoauto.in/cs@ricoauto.in |
| iii) | Transfer/dematerialisation of Shares and any other queries relating to Shares | : | M/s. MCS Share Transfer Agent Limited
F-65, Okhla Industrial Area, Phase I
New Delhi - 110020, India
Tel : (011) 41406149 Fax : (011) 41709881
E-mail : helpdeskdelhi@mcsregistrars.com/
admin@mcsregistrars.com |

On behalf of the Board of Directors

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

Place : New Delhi
Date : August 03, 2018

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**To the Members of
Rico Auto Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Rico Auto Industries Limited for the year ended 31st March, 2018, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred in Regulation 15(2) of the Listing Regulations.

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

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

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

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

Place : New Delhi
Date : August 03, 2018

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

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2018** according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; and
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit period);
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable to the Company during the audit period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit period);
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit period);
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit period); and
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi) We further report that having regard to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - i) The Factories Act, 1948;
 - ii) The Petroleum Act, 1934 and the rules made thereunder;
 - iii) The Environment Protection Act, 1986 and the rules made thereunder;
 - iv) The Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder; and
 - v) The Air (Prevention and Control of Pollution) Act, 1981 and the rules made thereunder.

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

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

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

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

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

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

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

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

We further report that during the audit period:

- a) The Shareholders of the Company have passed the special resolution in Annual General Meeting held on 22nd September, 2017 relating to approval of payment of Remuneration to Shri Arvind Kapur (DIN:00096308), Chairman, CEO & Managing Director of the Company.
- b) Uttarakhand Automotives Limited (CIN: U2953HR2007PLC036910), a wholly owned subsidiary has been amalgamated with the Company as per the Scheme of Amalgamation approved by the Hon'ble National Company Law Tribunal vide its order dated 14th December, 2017.

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

K. K. Sachdeva
Proprietor

FCS No. 7153, CP No. 4721

Place : New Delhi
Date : August 03, 2018

ANNEXURE TO DIRECTORS' REPORT

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (2017-18)

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

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

2. Members of the Committee

The Committee consists of four members namely:

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

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

₹886.00 lakhs (on the basis of financial years 2014-15, 2015-16 and 2016-17).

4. Prescribed CSR Expenditure

Two percent of the amount as in item 3 above: ₹17.72 lakhs

5. Details of CSR Expenditure spent during the financial year 2017-18

- Total amount to be spent for the financial year: ₹31.20 lakhs. # (Total amount spent during the financial year 2017-18: ₹31.87 lakhs).
- Amount unspent: Nil
- The manner in which the amount spent during the financial year is detailed below:

(₹ in Lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Project or Program (1) Local Area or other (2) Specify the state and the district where the projects or program was undertaken	Amount Outlay (Budgeted)	Amount spent on the projects	Cumulative Expenditure upto the reporting period	Amount spent direct or through implementing agency
1.	Contribution to Rotary Southend Charitable Trust working in Batra Hospital.	Promoting healthcare including preventing healthcare	New Delhi	2.5	2.5	2.5	Through implementing agency
2.	Contribution to Raman Kant Munjal Foundation.	Education to weaker section	Dharuhera (Haryana)	3.87	3.87	3.87	Through implementing agency
3.	Providing clean and cool drinking water facility in Govt. Schools.	Safe Drinking Water	Village Chaupanki & Jhiwana, Bhiwadi (Rajasthan)	1.75	1.75	1.75	Direct
4.	Providing Infrastructure like Grandstand, a raised platform with roof.	Education	Village Banipur, Bawal (Haryana)	6.97	6.97	6.97	Direct
5.	Constructed Class Room for Govt. School.	Education	Village Banban, Bhiwadi (Rajasthan)	2.65	2.65	2.65	Direct
6.	Construction of Toilet Facility for Girls/Boys in Govt. Schools and Community.	Promotion of sanitation	<ul style="list-style-type: none"> Village Mohammadpur Jharsa, Gurugram (Haryana) Village Bandapur & Jhiwana, Bhiwadi (Rajasthan) 	12.89	12.89	12.89	Direct

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Project or Program (1) Local Area or other (2) Specify the state and the district where the projects or program was undertaken	Amount Outlay (Budgeted)	Amount spent on the projects	Cumulative Expenditure upto the reporting period	Amount spent direct or through implementing agency
7.	Providing basic facilities in the Govt. School, like Ceiling Fan for classrooms etc.	Education	Village Husaipur, Bhiwadi (Rajasthan)	0.16	0.16	0.16	Direct
8.	Upkeeping of CSR Sites	Education	<ul style="list-style-type: none"> Village Husaipur & Chaupanki, Bhiwadi (Rajasthan) Village Malpura & Joniawas, Dharuhera (Haryana) Village Mohammadpur, Jharsa, Gurugram (Haryana) Village Banipur, Bawal (Haryana) 	1.08	1.08	1.08	Direct
Total				31.87	31.87	31.87	

6. **Details of Implementing Agency**

The Company has made contribution to Rotary Southend Charitable Trust working in Batra Hospital, New Delhi and Raman Kant Munjal Foundation, Dharuhera (Haryana).

7. **Reasons for not spending the amount: Not Applicable**

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

#The amount as per computation works out to be ₹17.72 lakhs. During the year a wholly owned subsidiary namely Uttarakhand Automotives Limited was amalgamated with the Company and its CSR obligation was ₹13.48 lakhs. The Company, therefore, has spent aggregate amount towards the CSR activities/projects as specified in CSR policy of the Company.

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

Rajeev Kapoor
Chairman - CSR Committee
(DIN: 02051466)

Place : New Delhi
Date : August 03, 2018

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED 31ST MARCH, 2018
Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of
the Companies (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name & Description of main products/ services	NIC Code of the product/services	% to total turnover of the Company
1.	Housing	29301	18.42%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	AAN Engineering Industries Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram – 122001, Haryana	U28112HR2010PLC039941	Subsidiary	100	Section 2(87)
2.	Rico Investments Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram – 122001, Haryana	U65923HR2015PLC054211	Subsidiary	96.88	Section 2(87)
3.	Rico Auto Industries Inc., USA 6338, Sashabaw Road, Clarkston, Michigan 48346 USA	Foreign Company Registration No. : 510411449	Subsidiary	100	Section 2(87)
4.	Rico Auto Industries (UK) Limited Unit 1, Lewis House, 99 Victoria Road, London – NW106DJ, UK	Foreign Company Registration No.: 04975219 (England and Wales)	Subsidiary	100	Section 2(87)
5.	Rasa Autocom Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram – 122001, Haryana	U74120HR2007PLC037192	Step-down Subsidiary*	100	Section 2(87)
6.	Rico Jinfei Wheels Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram – 122001, Haryana	U34200HR2007PLC037021	Step-down Subsidiary*	93.49	Section 2(87)
7.	Rico Aluminium and Ferrous Auto Components Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram – 122001, Haryana	U34300HR2008PLC037956	Step-down Subsidiary*	100	Section 2(87)
8.	Magna Rico Powertrain Private Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurugram – 122001, Haryana	U29110HR2008PTC037708	Joint Venture	50	Section 2(6)

* Through Rico Investments Limited, Subsidiary Company.

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

i) Category-wise Shareholding:

	Category of Shareholders	No. of Shares held at the beginning of the year (31 st March, 2017)				No. of Shares held at the end of the year (31 st March, 2018)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	PROMOTERS									
1.	Indian									
	a) Individual/HUF	27501188	0	27501188	20.328	27501188	0	27501188	20.328	0.000
	b) Central Govt.or State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	c) Bodies Corporate	40199790	0	40199790	29.715	40199790	0	40199790	29.715	0.000
	d) Banks/FI	0	0	0	0.000	0	0	0	0.000	0.000
	e) Any other (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (A)(1)	67700978	0	67700978	50.043	67700978	0	67700978	50.043	0.000
2.	Foreign									
	a) NRI- Individuals	79000	0	79000	0.058	79000	0	79000	0.058	0.000
	b) Other Individuals	0	0	0	0.000	0	0	0	0.000	0.000
	c) Bodies Corporate	0	0	0	0.000	0	0	0	0.000	0.000
	d) Banks/FI	0	0	0	0.000	0	0	0	0.000	0.000
	e) Any other (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (A)(2)	79000	0	79000	0.058	79000	0	79000	0.058	0.000
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	67779978	0	67779978	50.102	67779978	0	67779978	50.102	0.000
B.	PUBLIC SHAREHOLDING									
1.	Institutions									
	a) Mutual Funds	7871264	0	7871264	5.818	11403658	0	11403658	8.429	2.611
	b) Banks/FI	69473	0	69473	0.051	28423	0	28423	0.021	-0.030
	c) Cenntal Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	d) State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	e) Venture Capital Fund	0	0	0	0.000	0	0	0	0.000	0.000
	f) Insurance Companies	0	0	0	0.000	0	0	0	0.000	0.000
	g) FIs	102000	0	102000	0.075	1065672	0	1065672	0.788	0.712
	h) Foreign Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.000
	i) Others (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (B)(1)	8042737	0	8042737	5.945	12497753	0	12497753	9.238	3.293
2.	Central Government/State Government(s)/President of India	0	0	0	0.000	38492	0	38492	0.028	0.028
	Sub Total (B)(2)	0	0	0	0.000	38492	0	38492	0.028	0.028
3.	Non-Institutions									
	a) Bodies Corporate									
	i) Indian	6427097	40000	6467097	4.780	5904630	0	5904630	4.365	-0.416
	ii) Overseas	0	0	0	0.000	0	0	0	0.000	0.000
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹1 lakh	36585072	661641	37246713	27.532	39495947	603501	40099448	29.641	2.109
	ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	12718420	0	12718420	9.401	6822575	0	6822575	5.043	-4.358
	c) NBFCs registered with RBI	0	0	0	0.000	4	0	4	0.000	0.000
	d) Others (specify)									
	i) Non Resident Individual	3024535	0	3024535	2.236	2120600	0	2120600	1.568	-0.668
	ii) Trust & Foundations	5520	0	5520	0.004	21520	0	21520	0.016	0.012
	iii) Cooperative Societies	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (B)(3)	58760644	701641	59462285	43.953	54365276	603501	54968777	40.632	-3.322
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	66803381	701641	67505022	49.898	66901521	603501	67505022	49.898	0.000
C.	SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	0	0	0	0.000	0	0	0	0.000	0.000
	Grand Total (A+B+C)	134583359	701641	135285000	100.000	134681499	603501	135285000	100.000	0.000

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (1 st April, 2017)			Shareholding at the end of the year (31 st March, 2018)			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged encumbered to total Shares	
1.	ARVIND KAPUR	12652460	9.352	0.000	12652460	9.352	0.000	0.000
2.	ARUN KAPUR	8651160	6.395	0.000	8651160	6.395	0.000	0.000
3.	RAKESH KAPUR	2398720	1.773	0.000	2398720	1.773	0.000	0.000
4.	SHALINI KAPUR	1366148	1.010	0.000	1366148	1.010	0.000	0.000
5.	UPASNA KAPUR	966920	0.715	0.000	966920	0.715	0.000	0.000
6.	RITU KAPUR	723140	0.535	0.000	723140	0.535	0.000	0.000
7.	NYLA KAPUR	354040	0.262	0.000	354040	0.262	0.000	0.000
8.	SAMARTH KAPUR	194800	0.144	0.000	194800	0.144	0.000	0.000
9.	SHIVANI KAPUR	189800	0.140	0.000	189800	0.140	0.000	0.000
10.	ROMILLA BAHL	79000	0.058	0.000	79000	0.058	0.000	0.000
11.	PROMILA SIKKA	4000	0.003	0.000	4000	0.003	0.000	0.000
12.	KAPSONS ASSOCIATES INVESTMENTS PVT. LTD.	20838321	15.403	0.000	20838321	15.403	0.000	0.000
13.	MERAKI MANUFACTURING AND FINVEST ADVISORS PVT. LTD.	11790841	8.716	0.000	11790841	8.716	0.000	0.000
14.	HIGAIN INVESTMENTS PVT. LTD.	7570628	5.596	0.000	7570628	5.596	0.000	0.000
	TOTAL	67779978	50.102	0.000	67779978	50.102	0.000	0.000

iii) Change in Promoters' Shareholding: N.A.
iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & holders of GDRs & ADRs):

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of Shares at the beginning (01/04/2017)/ end of the year (31/03/2018)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE REGULAR SAVINGS FUND - BALANCED OPTION	3702677	2.737	01.04.2017				
				14.07.2017	324453	Transfer	4027130	2.977
		4027130	2.977	31.03.2018			4027130	2.977
2.	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND	953700	0.705	01.04.2017				
				07.04.2017	150000	Transfer	1103700	0.816
				14.04.2017	150000	Transfer	1253700	0.927
				05.05.2017	50000	Transfer	1303700	0.964
				19.05.2017	180202	Transfer	1483902	1.097
				26.05.2017	19798	Transfer	1503700	1.112
				02.06.2017	100000	Transfer	1603700	1.185
				16.06.2017	50000	Transfer	1653700	1.222
				23.06.2017	150000	Transfer	1803700	1.333
				07.07.2017	100000	Transfer	1903700	1.407
				14.07.2017	100000	Transfer	2003700	1.481
				15.09.2017	50000	Transfer	2053700	1.518
				13.10.2017	429104	Transfer	2482804	1.835
				20.10.2017	100000	Transfer	2582804	1.909
				27.10.2017	211696	Transfer	2794500	2.066
				01.12.2017	28900	Transfer	2823400	2.087
				08.12.2017	152600	Transfer	2976000	2.200
				12.01.2018	97073	Transfer	3073073	2.272
		3073073	2.272	31.03.2018			3073073	2.272

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of Shares at the beginning (01/04/2017)/ end of the year (31/03/2018)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
3.	MUKUL AGRAWAL	1700000	1.257	01.04.2017				
				28.04.2017	-93072	Transfer	1606928	1.188
				05.05.2017	-105005	Transfer	1501923	1.110
				12.05.2017	-1923	Transfer	1500000	1.109
				19.05.2017	-32000	Transfer	1468000	1.085
				09.06.2017	-35237	Transfer	1432763	1.059
				16.06.2017	-32763	Transfer	1400000	1.035
				23.06.2017	-500000	Transfer	900000	0.665
				14.07.2017	800000	Transfer	1700000	1.257
		1700000	1.257	31.03.2018			1700000	1.257
4.	ASHMORE INDIA OPPORTUNITIES FUND	0	0.000	01.04.2017				
				08.09.2017	137967	Transfer	137967	0.102
				09.02.2018	56662	Transfer	194629	0.144
				16.03.2018	135875	Transfer	330504	0.244
				23.03.2018	400824	Transfer	731328	0.541
				31.03.2018	248114	Transfer	979442	0.724
		979442	0.724	31.03.2018			979442	0.724
5.	SANKARA NARAYANAN SANGAMESWARAN	918675	0.679	01.04.2017				
				14.04.2017	51850	Transfer	970525	0.717
		970525	0.717				970525	0.717
6.	PRINCIPAL TRUSTEE COMPANY PVT LTD - A/C PRINCIPAL MUTUAL FUND -PRINCIPAL GROWTH FUND	1066371	0.788	01.04.2017				
				14.07.2014	537194	Transfer	1603565	1.185
				21.07.2017	-213154	Transfer	1390411	1.028
				28.07.2017	-81378	Transfer	1309033	0.968
				06.10.2017	-200327	Transfer	1108706	0.820
				13.10.2017	-59673	Transfer	1049033	0.775
				08.12.2017	-79173	Transfer	969860	0.717
		969860	0.717	31.03.2018			969860	0.717
7.	PANNA BANKIM	1236037	0.914	01.04.2017				
				22.09.2017	-47180	Transfer	1188857	0.879
				13.10.2017	-55857	Transfer	1133000	0.837
				20.10.2017	-22000	Transfer	1111000	0.821
				27.10.2017	-11000	Transfer	1100000	0.813
				03.11.2017	-50000	Transfer	1050000	0.776
				10.11.2017	-27673	Transfer	1022327	0.756
				22.12.2017	-60000	Transfer	962327	0.711
				31.03.2018			962327	0.711
		962327	0.711					
8.	RELIANCE CAPITAL TRUSTEE CO. LTD.- A/C. RELIANCE RETIREMENT FUND - WEALTH CREATION SCHEME	860000	0.636	01.04.2017	0	Nil movement during the year		
		860000	0.636	31.03.2018			860000	0.636
9.	NIRMAL BANG FINANCIAL SERVICES PVT LTD	0	0.000	01.04.2017				
		630000	0.466	09.02.2018	630000	Transfer	630000	0.466
				31.03.2018			630000	0.466

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of Shares at the beginning (01/04/2017)/ end of the year (31/03/2018)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
10.	PRINCIPAL TRUSTEE COMPANY PVT LTD. - A/C PRINCIPAL MUTUAL FUND -PRINCIPAL TAX SAVING FUND	732147	0.541	01.04.2017				
				21.07.2017	188793	Transfer	920940	0.681
				06.10.2017	-138689	Transfer	782251	0.578
				13.10.2017	-41311	Transfer	740940	0.548
				08.12.2017	-57580	Transfer	683360	0.505
				05.01.2018	-35000	Transfer	648360	0.479
				23.02.2018	-32000	Transfer	616360	0.456
		616360	0.456	31.03.2018			616360	0.456
11.	PRINCIPAL TRUSTEE COMPANY PVT LTD A/C PRINCIPAL MUTUAL FUND PRINCIPAL TAX SAVER FUND	0	0.000	01.04.2017				
				21.07.2017	857142	Transfer	857142	0.634
				06.10.2017	-130984	Transfer	726158	0.537
				13.10.2017	-39016	Transfer	687142	0.508
				08.12.2017	-107964	Transfer	579178	0.428
		579178	0.428	31.03.2018			579178	0.428
12.	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC. (DFAIDG)	0	0.000	01.04.2017				
				06.10.2017	17820	Transfer	17820	0.013
				13.10.2017	42926	Transfer	60746	0.045
				08.12.2017	14194	Transfer	74940	0.055
				15.12.2017	12594	Transfer	87534	0.065
				22.12.2017	103763	Transfer	191297	0.141
				29.12.2017	7908	Transfer	199205	0.147
				12.01.2018	85522	Transfer	284727	0.210
				19.01.2018	37592	Transfer	322319	0.238
				26.01.2018	39392	Transfer	361711	0.267
				02.02.2018	30947	Transfer	392658	0.290
				09.02.2018	17078	Transfer	409736	0.303
				23.02.2018	34422	Transfer	444158	0.328
				02.03.2018	8174	Transfer	452332	0.334
		452332	0.334	31.03.2018			452332	0.334
13.	TARUN SURESH JAIN	1085000	0.802	01.04.2017				
				14.07.2017	140000	Transfer	1225000	0.905
				31.10.2017	-300000	Transfer	925000	0.684
				03.11.2017	-175000	Transfer	750000	0.554
				17.11.2017	-100000	Transfer	650000	0.480
				24.11.2017	-100000	Transfer	550000	0.407
				01.12.2017	-50000	Transfer	500000	0.370
				22.12.2017	-100000	Transfer	400000	0.296
				19.01.2018	-65000	Transfer	335000	0.248
				02.02.2018	-35000	Transfer	300000	0.222
		300000	0.222	31.03.2018			300000	0.222
14.	ZAFAR AHMADULLAH	724097	0.535	01.04.2016				
				14.04.2017	-103014	Transfer	621083	0.459
				21.04.2017	-171899	Transfer	449184	0.332
				08.09.2017	-449184	Transfer	0	0.000
		0	0.000	31.03.2018			0	0.000

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

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year (01/04/2017)		Cumulative Shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of shares	% of total Shares of the Company	No of shares	% of total Shares of the Company
1.	Shri Arvind Kapur, Chairman, CEO & MD				
	At the beginning of the year	12652460	9.352	12652460	9.352
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	12652460	9.352	12652460	9.352
2.	Shri Arun Kapur, Joint Managing Director				
	At the beginning of the year	8651160	6.395	8651160	6.395
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	8651160	6.395	8651160	6.395
3.	Shri Rakesh Kapur, Director				
	At the beginning of the year	2398720	1.773	2398720	1.773
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	2398720	1.773	2398720	1.773
4.	Smt. Upasna Kapur, Director				
	At the beginning of the year	966920	0.715	966920	0.715
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	966920	0.715	966920	0.715
5.	Dr. Ashok Seth, Director				
	At the beginning of the year	25000	0.018	25000	0.018
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	25000	0.018	25000	0.018
6.	Shri Satish Sekhri, Director				
	At the beginning of the year	1900	0.001	1900	0.001
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	1900	0.001	1900	0.001
7.	Shri B.M. Jhamb, Company Secretary				
	At the beginning of the year	20	0.000	20	0.000
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	20	0.000	20	0.000

Note: Shri Kanwal Monga, Shri Amarjit Chopra, Shri Rajeev Kapoor & Shri Vinod Kumar Nagar, Directors of the Company and Shri Rakesh Kumar Sharma, Chief Financial Officer (w.e.f. 04/08/2017) did not hold any shares of the Company during the financial year 2017-18.

V. INDEBTEDNESS

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

(₹ in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the Financial year				
i) Principal Amount	230.37	–	–	230.37
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.36	–	–	0.36
Total (i+ii+iii)	230.73	–	–	230.73
Change in Indebtedness during the Financial Year				
Additions	141.58	–	–	141.58
Reduction	118.25	–	–	118.25
Net Change	23.33	–	–	23.33
Indebtedness at the end of the Financial Year				
i) Principal Amount	253.70	–	–	253.70
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.68	–	–	0.68
Total (i+ii+iii)	254.38	–	–	254.38

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration payable/paid to Managing Director, Whole-time Director and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the MD/JMD		Total Amount
		Shri Arvind Kapur Chairman, CEO & Managing Director	Shri Arun Kapur Joint Managing Director	
1.	Gross Salary	13489824.00	3870960.00	17360784.00
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961			
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4858379.00	2593543.00	7451922.00
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	14972750.00	3735497.00	18708247.00
	– As % of profit	2.19	0.55	2.74
	– Others (specify)	–	–	–
5.	Others	–	–	–
	Total (A)	33320953.00	10200000.00	43520953.00
	Ceiling as per the Act	5% of net profit	5% of net profit	10% of net profit

B. Remuneration payable/paid to other Directors:

(Amount in ₹)

Sl. No.	Particulars	Particulars of Remuneration			Total Amount
		Fee for attending Board/Committee Meetings (a)	Commission (b)	Others, please specify (c)	
1.	Independent Directors				
	i) Shri Kanwal Monga	180000.00	850000.00	–	1030000.00
	ii) Shri Amarjit Chopra	485000.00	850000.00	–	1335000.00
	iii) Dr. Ashok Seth	110000.00	850000.00	–	960000.00
	iv) Shri Satish Sekhri	485000.00	850000.00	–	1335000.00
	v) Shri Rajeev Kapoor	475000.00	850000.00	–	1325000.00
	vi) Shri Vinod Kumar Nagar	425000.00	850000.00	–	1275000.00
	Total (1)	2160000.00	5100000.00	–	7260000.00
2.	Non-Executive Directors				
	i) Shri Rakesh Kapur	235000.00	850000.00	–	1085000.00
	ii) Smt. Upasna Kapur	200000.00	850000.00	–	1050000.00
	Total (2)	435000.00	1700000.00	–	2135000.00
	Total (B)=(1+2)				9395000.00
	Total Managerial Remuneration (A+B)				52915953.00
	Overall Ceiling as per the Act	The above remuneration is within 11 percent on the net profits calculated as per Section 198 of the Companies Act, 2013.			

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri Rakesh Kumar Sharma, Chief Financial Officer (w.e.f. 04/08/2017)	Shri B.M. Jhamb Company Secretary	
1.	Gross Salary	3539991.00	3562020.00	7102011.00
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.			
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	185238.00	437544.00	622782.00
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	- as % of profit	–	–	–
	- Others, specify	–	–	–
5.	Others	–	–	–
	Total (A)	3725229.00	3999564.00	7724793.00

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other Officers during the financial year 2017–18.

On behalf of the Board of Directors

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

Place : New Delhi
Date : August 03, 2018

ANNEXURE TO DIRECTORS' REPORT

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

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

Sl. No.	Name of Directors	Ratio to Median Remuneration
Non-Executive Independent Directors		
i)	Shri Kanwal Monga	2.39
ii)	Shri Amarjit Chopra	3.10
iii)	Dr. Ashok Seth	2.23
iv)	Shri Satish Sekhri	3.10
v)	Shri Rajeev Kapoor	3.08
vi)	Shri Vinod Kumar Nagar	2.96
Non-Executive Directors		
vii)	Shri Rakesh Kapur	2.52
viii)	Smt. Upasna Kapur	2.44
Executive Directors		
ix)	Shri Arun Kapur, Joint Managing Director	23.68
x)	Shri Arvind Kapur, Chairman, CEO & MD	77.37

2. The percentage of increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year 2017-18:

Sl. No.	Name of Directors/KMP and Designation	Remuneration		%age increase/ (decrease) in Remuneration
		2017-18 (Amount in ₹)	2016-17 (Amount in ₹)	
	Non-Executive Independent Directors			
i)	Shri Kanwal Monga	1030000.00	903750.00	13.97
ii)	Shri Amarjit Chopra	1335000.00	1278750.00	4.40
iii)	Dr. Ashok Seth	960000.00	803750.00	19.44
iv)	Shri Satish Sekhri	1335000.00	1238750.00	7.77
v)	Shri Rajeev Kapoor	1325000.00	1303750.00	1.63
vi)	Shri Vinod Kumar Nagar	1275000.00	1298750.00	(1.83)
	Non-Executive Directors			
vii)	Shri Rakesh Kapur	1085000.00	963750.00	12.58
viii)	Smt. Upasna Kapur	1050000.00	878750.00	19.49
	Executive Directors			
ix)	Shri Arun Kapur, Joint Managing Director	10200000.00	8745000.00	16.64
x)	Shri Arvind Kapur, Chairman, CEO & MD	33320953.00	29193953.00	14.14
	Key Managerial Personnel			
xi)	Shri Sanjay Syal, Chief Financial Officer*	—	4974646.00	—
xii)	Shri Rakesh Kumar Sharma, Chief Financial Officer**	3725229.00	—	—
xiii)	Shri B.M. Jhamb, Company Secretary	3999564.00	5503335.00	(27.32)

* Shri Sanjay Syal, CFO was in service upto 7th February, 2017, hence the same is not comparable.

** Shri Rakesh Kumar Sharma, CFO appointed on 4th August, 2017, hence the same is not comparable.

3. The percentage of increase in the median remuneration of employees in the financial year 2017-18: 3.45%
4. The number of permanent employees on the roll of Company as on 31st March, 2018: 1397
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in cost of employees other than managerial personnel in 2017-18 was 8%. Percentage increase in the managerial remuneration for the year 2017-18 was 6.23%.

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

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

On behalf of the Board of Directors

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

Place : New Delhi
Date : August 03, 2018

ANNEXURE TO DIRECTORS' REPORT

FORM NO. AOC – 2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018 which were not on arm's length basis.

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

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	Rico Aluminium and Ferrous Auto Components Limited (Step-down Subsidiary)
b.	Nature of contracts/ arrangements/ transactions	Sale, Purchase or Supply of products, goods or materials or availing or rendering of services and leasing of property (movable or immovable)
c.	Duration of the contracts/ arrangements/ transactions	Ongoing transactions
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of Goods – ₹255.61 crores Sale of Goods – ₹21.43 crores Administration, Finance, production support Services – ₹4.48 crores Rent Income – ₹8.98 crores Purchase of Assets – ₹3.21 crores Rent Expenses – ₹0.49 crore Job Work Expenses – ₹15.76 crores Recovery of Expenses – ₹51.33 crores Reimbursement of Expenses – ₹0.24 crore
e.	Date of approval by the Board/Date of approval by the Shareholders	4 th August, 2017/22 nd September, 2017
f.	Amount paid as advances, if any	N.A.

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

On behalf of the Board of Directors

Place : New Delhi
Date : August 03, 2018

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

INDEPENDENT AUDITOR'S REPORT

To the Members of
Rico Auto Industries Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Rico Auto Industries Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit and Loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 standalone 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 standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Company had prepared separate sets of statutory financial statements for the year ended March 31, 2017 and March 31, 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated May 26, 2017 and May 19, 2016 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. 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.
11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25 May 2018 as per Annexure B expressed an unqualified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 35 to the standalone financial statements, has disclosed the impact of pending litigations on 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 08, 2016 to December 30, 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

Ashish Gupta

Partner

Membership No.: 504662

Place : Gurugram

Date : May 25, 2018

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 every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

- (iii) The Company has granted long term unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:

- (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.
- (b) the schedule of repayment of principal and payment of interest has been stipulated and the principal amount is not due for repayment currently;
- (c) there is no overdue amount in respect of loans granted to such companies.

- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, goods and service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in Crores)	Amount paid under Protest (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Errors and Mismatch of challans in returns filed to Income Tax Department	0.005	Nil	Assessment year 2009-10, 2010-11, 2011-12	Assessing Officer, Income Tax Department.
Haryana VAT Act, 2003	Disallowance of certain expenses	0.04	Nil	Financial year 2007-08	Joint Commissioner
Haryana VAT Act, 2003	Disallowance of input credit on purchase of furnace oil	0.22	Nil	Financial year 2007-08	Remanded back by Tribunal to Assessing Officer
Gujarat VAT, 2003	Disallowance of input on rejected goods	0.04	0.009	Financial year 2017-18	Gujarat Sales Tax Tribunal
Finance Act, 1994	Claim of cenvat on construction & other repair & maintenance service	2.46	Nil	Financial year 2005-06 to 2010-11	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and taxi	1.49	Nil	Financial year 2004-05 to 2007-08	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and taxi	0.34	Nil	Financial year 2008-09 to 2009-10	Custom Excise & Service Tax Appellate Tribunal

Name of the statute	Nature of dues	Amount (₹ in Crores)	Amount paid under Protest (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and cab.	0.87	Nil	Financial year 2011-12 to 2012-13	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Deposit of inadmissible cenvat credit availed on the capital goods destroyed in fire	1.75	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeals)
Finance Act, 1994	Denial of credit taken on outward freight	0.28	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeals)
Haryana Local Area Development Tax Act, 2000	Applicability of local area development tax on items purchased	0.01	Nil	Financial year 2001-02 to 2003-04	Joint Commissioner (Appeal)

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

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

Ashish Gupta
Partner

Place : Gurugram
Date : May 25, 2018

Membership No.: 504662

Annexure B

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

1. In conjunction with our audit of the standalone financial statements of Rico Auto Industries Limited ('the Company') as at and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at March 31, 2018, based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

Place : Gurugram

Date : May 25, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(₹ in Crores)

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I. ASSETS				
1. NON-CURRENT ASSETS				
(a) Property, plant and equipment	5	339.92	325.51	292.87
(b) Capital work-in-progress	5	61.96	34.87	52.26
(c) Intangible assets	5	0.17	–	–
(d) Financial Assets				
(i) Investments	6	136.46	136.46	136.46
(ii) Loans	7	81.38	75.07	67.23
(iii) Other financial assets	8	–	0.04	0.22
(e) Other non-current assets	9	21.63	17.56	21.73
Total Non-current assets		641.52	589.51	570.77
2. CURRENT ASSETS				
(a) Inventories	10	53.03	45.76	48.76
(b) Financial Assets				
(i) Investments	6	2.66	2.44	2.19
(ii) Trade receivables	11	226.67	192.24	149.95
(iii) Cash and cash equivalents	12	3.70	0.37	1.77
(iv) Bank balances other than (iii) above	13	2.66	2.31	2.29
(v) Loans	7	1.04	1.35	8.08
(vi) Other financial assets	8	5.20	5.46	4.31
(c) Other current assets	9	34.86	51.04	42.39
Total Current assets		329.82	300.97	259.74
Total Assets		971.34	890.48	830.51
II. EQUITY AND LIABILITIES				
1. EQUITY				
(a) Equity Share Capital	14	13.53	13.53	13.53
(b) Other Equity	15	530.73	500.44	454.13
Total Equity		544.26	513.97	467.66
LIABILITIES				
2. NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	16	55.30	66.89	90.76
(b) Provisions	18	11.39	12.54	8.00
(c) Deferred tax liabilities (net)	30	14.77	15.76	13.64
(d) Other non-current liabilities	19	3.13	2.55	2.42
Total non-current liabilities		84.59	97.74	114.82
3. CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	16	127.71	109.91	83.73
(ii) Trade Payables	20	113.78	89.32	92.37
(iii) Other financial liabilities	17	88.86	67.26	62.64
(b) Other current liabilities	19	9.97	8.49	8.00
(c) Provisions	18	–	–	1.29
(d) Current tax liabilities (net)	21	2.17	3.79	–
Total current liabilities		342.49	278.77	248.03
Total equity and liabilities		971.34	890.48	830.51

Summary of significant accounting policies and other explanatory information (1 to 54).

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**
Chartered Accountantsper **Ashish Gupta**
Partner**Rakesh Kumar Sharma**
Chief Financial OfficerFor and on behalf of the Board of Directors of
Rico Auto Industries Limited**Amarjit Chopra**
Director
(DIN:00043355)**Arvind Kapur**
Chairman, CEO
& Managing Director
(DIN: 00096308)Place : Gurugram
Date : May 25, 2018**B.M Jhamb**
Company Secretary**Satish Sekhri**
Director
(DIN: 00211478)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Crores)			
	Notes	Year ended March 31, 2018	Year ended March 31, 2017
REVENUE			
Revenue from operations	22	1,093.20	1,020.20
Other income	23	25.05	21.97
Total Revenue		1,118.25	1,042.17
EXPENSES			
(a) Cost of Material Consumed	24	696.28	605.73
(b) Purchases of Stock-in-Trade		15.93	18.77
(c) Changes in Inventories of finish goods, Stock-in-Trade and work-in-progress	25	(3.87)	1.75
(d) Excise duty		17.45	65.75
(e) Employee benefit expense	26	100.60	93.06
(f) Finance costs	27	17.16	16.01
(g) Depreciation and amortization expense	5	40.92	35.56
(h) Other expenses	28	163.86	143.45
Total Expenses		1,048.33	980.08
Profit before exceptional items and tax		69.92	62.09
Exceptional items	29	6.80	0.66
Profit Before Tax		63.12	61.43
Tax Expenses	30		
Current tax		14.23	11.12
Deferred tax		(0.75)	2.60
Total Tax Expense		13.48	13.72
Profit for the year		49.64	47.71
Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
(a) Remeasurements of defined benefit plan obligation		(0.69)	(1.38)
(b) Income tax		0.24	0.48
Other comprehensive loss for the year		(0.45)	(0.90)
Total comprehensive income for the year		49.19	46.81
Earnings per share			
Basic and Diluted (nominal value per share ₹ 1/-)	31	3.67	3.53

Summary of significant accounting policies and other explanatory information (1 to 54).
This is the Statement of Profit and Loss referred to in our report of even date.

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

per **Ashish Gupta**
Partner

Rakesh Kumar Sharma
Chief Financial Officer

Place : Gurugram
Date : May 25, 2018

B.M Jhamb
Company Secretary

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

Amarjit Chopra
Director
(DIN:00043355)

Satish Sekhri
Director
(DIN: 00211478)

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

	No. of Shares	Amount
Balance as at April 01, 2016	135,285,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2017	135,285,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2018	135,285,000	13.53

B. Other Equity

	Capital Reserve*	Capital Redemption Reserve	Securities Premium Reserve	Foreign currency monetary item translation difference account (FCMITDA)	General Reserve	Retained Earnings	Total
Balance as at April 01, 2016	0.00	2.00	145.04	(0.77)	79.54	228.32	454.13
Net profit for the year	—	—	—	—	—	47.71	47.71
Other comprehensive income/(loss) for the year (net of taxes)	—	—	—	—	—	(0.90)	(0.90)
Total comprehensive income for the year	—	—	—	—	—	46.81	46.81
Dividend on equity shares	—	—	—	—	—	(1.35)	(1.35)
Tax on dividend	—	—	—	—	—	(0.28)	(0.28)
Exchange difference accumulated during the year	—	—	—	0.68	—	—	0.68
Exchange difference amortised during the year	—	—	—	0.44	—	—	0.44
Balance as at March 31, 2017	0.00	2.00	145.04	0.36	79.54	273.50	500.44
Net profit for the year	—	—	—	—	—	49.64	49.64
Other comprehensive income for the year (net of taxes)	—	—	—	—	—	(0.45)	(0.45)
Total comprehensive income for the year	—	—	—	—	—	49.19	49.19
Dividend on equity shares	—	—	—	—	—	(10.15)	(10.15)
Tax on dividend	—	—	—	—	—	(2.07)	(2.07)
Interim Dividend on equity shares	—	—	—	—	—	(5.41)	(5.41)
Tax on dividend	—	—	—	—	—	(1.10)	(1.10)
Exchange difference accumulated during the year	—	—	—	0.68	—	—	0.68
Exchange difference amortised during the year	—	—	—	(0.85)	—	—	(0.85)
Balance as at March 31, 2018	0.00	2.00	145.04	0.19	79.54	303.96	530.73

* Amounts have been rounded off to zero

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

For **Walker Chandio & Co LLP**
Chartered Accountantsper **Ashish Gupta**
Partner**Rakesh Kumar Sharma**
Chief Financial OfficerFor and on behalf of the Board of Directors of
Rico Auto Industries Limited**Amarjit Chopra**
Director
(DIN:00043355)**Satish Sekhri**
Director
(DIN: 00211478)**Arvind Kapur**
Chairman, CEO
& Managing Director
(DIN: 00096308)Place : Gurugram
Date : May 25, 2018**B.M Jhamb**
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Crores)

		Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities			
Net profit before tax		63.12	61.43
Adjustments for:			
Depreciation and amortisation		40.92	35.56
Provision for doubtful debts		—	0.46
Gain on mark to market valuation of mutual funds		(0.22)	(0.25)
Profit on sale of property, plant and equipment		(0.23)	(0.16)
Unrealised foreign exchange (net)		(3.09)	0.88
Finance cost		17.16	16.01
Unwinding of deferred income		(0.06)	(0.03)
Interest income		(9.81)	(9.79)
Operating profit before working capital changes		107.79	104.11
Movement in working capital			
(Increase)/Decrease in inventories		(7.27)	3.00
(Increase) in trade receivables		(31.35)	(43.62)
Decrease in other financial assets (current and non current)		0.98	3.79
Decrease/(Increase) in other assets (current and non current)		16.20	(8.00)
Increase/(Decrease) in trade payables		24.47	(3.05)
Increase in other financial liabilities (current and non current)		2.26	0.74
Increase in other liabilities and provisions (current and non current)		0.24	2.55
		113.32	59.52
Direct taxes paid (net of refunds)		(15.67)	(5.03)
Net cash generated from operating activities	A	97.65	54.49
B. Cash flow from investing activities			
Purchase of property, plant and equipment		(82.62)	(55.20)
Sale of property, plant and equipment		1.82	3.27
Movement in capital advance		(4.26)	1.57
Maturity/(Investment) of/in bank deposits		0.01	(0.08)
Interest received		3.09	3.95
Net cash used in investing activities	B	(81.94)	(46.49)
C. Cash flow from financing activities			
Proceeds from non-current borrowings		58.72	33.36
Repayment of non-current borrowings		(53.56)	(51.05)
Proceeds from current borrowings (net)		17.80	26.18
Dividend paid (including corporate dividend tax)		(18.73)	(1.63)
Interest paid		(16.62)	(16.25)
Net cash used in financing activities	C	(12.38)	(9.39)
Net increase / (decrease) in cash and cash equivalents	A+B+C	3.33	(1.40)
Cash and cash equivalents at the beginning of the year		0.37	1.77
Cash and cash equivalents at the close of the year		3.70	0.37

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

For **Walker Chandio & Co LLP**
Chartered Accountantsper **Ashish Gupta**
Partner**Rakesh Kumar Sharma**
Chief Financial OfficerPlace : Gurugram
Date : May 25, 2018**B.M Jhamb**
Company SecretaryFor and on behalf of the Board of Directors of
Rico Auto Industries Limited**Amarjit Chopra**
Director
(DIN:00043355)**Satish Sekhri**
Director
(DIN: 00211478)**Arvind Kapur**
Chairman, CEO
& Managing Director
(DIN: 00096308)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

1. CORPORATE INFORMATION

Rico Auto Industries Limited ("the Company") was incorporated in India on March 07, 1983. The Company supplies a broad range of high-precision fully machined aluminum and ferrous components and assemblies to Original Equipment Manufacturers across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and research and development across aluminum and ferrous products. The Company is in the business of manufacturing and sale of auto components for two wheelers and four wheelers

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 via notification dated March 28, 2018 to further amend Companies (Indian Accounting Standards) Rules, 2015, notifying a new revenue recognition standard Ind AS 115, 'Revenue from Contracts with Customers'. This amendment replaces Ind AS 18, 'Revenue' and Ind AS 11, 'Construction Contracts'. An insertion to Appendix B, 'Foreign currency transaction and advance consideration' to Ind AS 21, 'The effect of change in exchange rates has also been notified. The amendments are applicable to the Company from April 01, 2018.

Ind AS 115: "Revenue from Contracts with Customers"

Ind AS 115 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- a) Identify the contract(s) with the customer;
- b) Identify the performance obligations in the contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to the performance obligations in the contracts;
- e) Recognise revenue when (or as) the entity satisfies a performance obligation.

Insertion of Appendix B to Ind AS 21: "The effect of changes in foreign exchange rates"

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after:

- (i) The beginning of the reporting period in which the entity first applies the interpretation or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Company has evaluated the requirements of the amendments and do not consider the impact on the financial statements to be material.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES.

3.1 Basis of preparation and presentation

i) Compliance with Ind AS

In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under section 133 of the Companies Act, 2013 ("the act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the act with effect from April 01, 2016.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2016. The mandatory exceptions and optional exemptions availed by the Company on First-time adoption have been detailed in Note 49.

Up to the year ended March 31, 2017, the Company had prepared the financial statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles applicable in India, and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 ("Act"), read with the Companies (Accounts) Rules, 2014 ('Previous GAAP').

On adoption of Ind AS by the Company, the Company has adopted Ind AS and accordingly, the previous year figures in the financial statements have been restated in compliance to Ind AS and in accordance with Ind AS 101-"First Time adoption of Indian Accounting Standards" (Ind AS 101), the Company has presented a reconciliation of other equity under previous GAAP and Ind AS as at March 31, 2017, and April 01, 2016 and of the cash flow statement, profit after tax as per previous GAAP and total comprehensive income under Ind AS for the year ended March 31, 2017.

ii) Functional and presentation currency:

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

iii) Going concern and basis measurement

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

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

3.2 Significant accounting policies

i) Revenue recognition

Revenue from sale of goods

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership of the goods to the buyer which generally coincides with the delivery of goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods is measured at the fair value consideration received or receivable. Amount disclosed as revenue are inclusive of goods and service tax and net of returns, trade discounts, rebates, value added taxes, goods and service tax, wherever applicable.

Revenue from sale of services

Revenue from services provided is recognised upon rendering of the services, in accordance with the agreed terms with the customers where ultimate collection of the revenue is reasonably expected.

Interest income

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

Rental income

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

Dividend income

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

ii) Government grants, subsidies and export incentives

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

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

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

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

iii) Property, plant and equipment

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

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

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

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

iv) Intangible assets

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

On transition to Ind AS, the Company has elected to continue with the carrying value of its intangible assets recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of these intangible assets.

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

v) Depreciation and amortisation

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

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

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

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

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

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

vi) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

vii) Financial instruments

Recognition and initial measurement

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

Subsequent measurement

Financial assets

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

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

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

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

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

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

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

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

De-recognition of financial assets

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

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

Financial liabilities

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

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

Impairment of financial assets

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

viii) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

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

ix) Inventories

Inventories are valued as follows:

Raw materials, stores and spares

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

Work in progress

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

Finished goods

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods includes excise duty (upto June 30, 2017).

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

x) Business Combination

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

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

xi) Employee benefits

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

a. Provident fund and Employee State Insurance scheme

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

b. Gratuity

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

c. Compensated absences

The Company also provides benefit of compensated absences to its employees which are in the nature of long term benefit plan. The compensated absences comprises of vesting as well as non-vesting benefit. Liability in respect of compensated

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

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

xii) Research and development expenses

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

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

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

xiii) Borrowing cost

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

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

xiv) Foreign currency transactions

Initial recognition

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

Subsequent recognition

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

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

Exchange differences

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

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

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

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

xv) Taxation

Tax expense recognized in statement of Profit and Loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

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

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

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

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

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

xvi) Leases

Company as a lessee

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

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

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

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

Company as a lessor

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

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

xvii) Provisions and contingencies

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

xviii) Earnings per share

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

xix) Impairment of non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

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

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

xx) Cash and cash equivalents

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

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

xxi) Rounding off amounts

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

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- provision and contingent liabilities; and
- carrying values of inventories.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

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

A. Property, plant and equipment

(₹ in Crores)

	Gross block					Accumulated depreciation			Net block	
Particulars	As at April 01, 2017	Additions during the year	Disposals during the year	Exchange differences	As at March 31, 2018	As at April 01, 2017	Charge for the year	Adjustment upon deletion	As at March 31, 2018	As at March 31, 2017
Land										
(a) Freehold	16.41	10.17	-	-	26.58	-	-	-	26.58	16.41
(b) Leasehold	19.02	-	-	-	19.02	0.19	0.19	-	18.64	18.83
Buildings	85.47	2.91	-	-	88.38	3.17	3.44	-	81.77	82.30
Furniture and fixtures	0.32	1.08	0.04	-	1.36	0.05	0.10	0.01	1.22	0.27
Plant and machinery	209.17	31.22	1.63	(0.25)	238.51	26.12	28.20	0.44	184.63	183.05
Dies and moulds	18.58	7.16	0.23	-	25.51	3.49	5.16	0.06	16.92	15.09
Vehicles	9.65	2.32	0.27	-	11.70	2.05	2.78	0.10	6.97	7.60
Office equipment	2.36	2.23	0.03	-	4.56	0.40	0.97	-	3.19	1.96
Total Property plant and equipment	360.98	57.09	2.20	(0.25)	415.62	35.47	40.84	0.61	339.92	325.51

Particulars	As at April 01, 2016	Additions during the year	Disposals during the year	Exchange differences	As at March 31, 2017	As at April 01, 2016	Charge for the year	Adjustment upon deletion	As at March 31, 2017	As at April 01, 2016
Land										
(a) Freehold	16.41	-	-	-	16.41	-	-	-	16.41	16.41
(b) Leasehold	18.99	0.03	-	-	19.02	-	0.19	-	18.83	18.99
Buildings	72.05	13.42	-	-	85.47	-	3.17	-	82.30	72.05
Furniture and fixtures	0.31	0.01	-	-	0.32	-	0.05	-	0.27	0.31
Plant and machinery	164.24	48.80	3.01	(0.86)	209.17	-	26.17	0.05	183.05	164.24
Dies and moulds	14.28	4.30	-	-	18.58	-	3.49	-	15.09	14.28
Vehicles	5.09	4.77	0.21	-	9.65	-	2.09	0.04	7.60	5.09
Office equipment	1.50	0.86	-	-	2.36	-	0.40	-	1.96	1.50
Total Property plant and equipment	292.87	72.19	3.22	(0.86)	360.98	-	35.56	0.09	325.51	292.87

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

B. Intangible assets

Particulars	As at April 01, 2017	Additions during the year	Disposals during the year	Exchange differences	As at March 31, 2018	As at April 01, 2017	Charge for the year	Adjustment upon deletion	As at March 31, 2018	As at March 31, 2017
Computer software	-	0.25	-	-	0.25	-	0.08	-	0.08	-

Particulars	As at April 01, 2016	Additions during the year	Disposals during the year	Exchange differences	As at March 31, 2017	As at April 01, 2016	Charge for the year	Adjustment upon deletion	As at March 31, 2017	As at April 01, 2016
Computer software	-	-	-	-	-	-	-	-	-	-

The net block as of March 31, 2016 was elected as the deemed cost. Refer note 49

C. Capital work-in-progress

	Amount
Capital work-in-progress as at March 31, 2018	61.96
Capital work-in-progress as at March 31, 2017	34.87
Capital work-in-progress as at April 01, 2016	52.26

D. Reconciliation of carrying amount of portion of own used building at the beginning and end of the year*:

Particulars	Gross block	Accumulated depreciation	Net block
April 01, 2016			
Additions	36.83	-	36.83
Deletions	1.82	1.87	(0.05)
	38.65	1.87	36.78
March 31, 2017			
Additions	38.65	1.87	36.78
Deletions	0.81	1.85	(1.04)
March 31, 2018	39.46	3.72	35.74

* The Building is predominantly used by the Company for its own purpose, however, lets out a portion of the property on a short term basis.

E. Borrowing costs capitalised / transferred to capital work in progress during the year is ₹ 1.37 Crore (previous year ₹ 0.14 Crore) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 6.75% (Previous year 6.60%).

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
6. INVESTMENTS			
Non current			
Investments in equity instruments in subsidiaries			
(at cost, fully paid up) – unquoted			
Rico Auto Industries Inc. (USA)	0.12	0.12	0.12
2,500 equity shares of US\$ 10 each (March 31, 2017: 2,500 equity shares of US\$ 10 each, April 01, 2016: 2,500 equity shares of US\$ 10 each)			
Rico Auto Industries (UK) Ltd. (U.K.)	0.17	0.17	0.17
20,000 equity share of GBP 1 each (March 31, 2017: 20,000 equity share of GBP 1 each, April 01, 2016: 20,000 equity share of GBP 1 each)			
AAN Engineering Industries Limited	0.05	0.05	0.05
50,000 equity shares of ₹10 each (March 31, 2017: 50,000 equity shares of ₹10 each, April 01, 2016: 50,000 equity shares of ₹10 each)			
Rico Investments Limited			
115,000,000 equity shares of ₹10 each (March 31, 2017: 46,000,000 equity shares of ₹10 each, April 01, 2016 : 46,000,000 equity shares of ₹10 each)	115.00	46.00	46.00
Nil, 12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares of ₹10 each (March 31, 2017: 44,000,000 12% Redeemable Compulsorily Convertible Non Cumulative at ₹10 each, April 01, 2016: 44,000,000 12% Redeemable Compulsorily Convertible Non Cumulative at ₹10 each)	–	44.00	44.00
Nil, 10.25% Compulsorily Convertible Debentures (CCDs) at ₹10 each (March 31, 2017: 25,000,000 Compulsorily Convertible Debentures (CCDs) at ₹10 each April 01, 2016: 25,000,000 Compulsorily Convertible Debentures (CCDs) at ₹10 each)	–	25.00	25.00
	115.34	115.34	115.34
Investment in joint venture (at cost) - unquoted			
Magna Rico Powertrain Private Limited 21,120,000 equity Shares of ₹10 each (March 31, 2017: 21,120,000 equity shares of ₹10 each April 01, 2016: 21,120,000 equity shares of ₹10 each)	21.12	21.12	21.12
	21.12	21.12	21.12
	136.46	136.46	136.46
Current			
Investment carried at fair value through Profit and Loss (FVTPL)- quoted			
Investment in mutual fund			
1,983,832 units of BOI AXA Corporate credit Spectrum Fund- Direct growth @ NAV of ₹13.39 per unit (March 31, 2017 : 1,983,832 units at ₹12.29 per unit April 01, 2016 : 1,983,832 units at ₹11.04 per unit)	2.66	2.44	2.19
	2.66	2.44	2.19
Aggregate amount of unquoted investment at cost (Non-current investment)	136.46	136.46	136.46
Aggregate amount of quoted investment at cost (Current investment)	2.00	2.00	2.00
Aggregate amount of quoted investment at fair value (Current investment)	2.66	2.44	2.19

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
7. LOANS			
(Unsecured considered good)			
Non current			
Loan to related parties (refer note 42)	76.55	70.35	62.69
Security deposits	4.83	4.72	4.54
	81.38	75.07	67.23
Current			
Inter corporate deposits*	—	—	6.75
Security deposits	0.18	0.38	0.38
Loans to employees	0.86	0.97	0.95
	1.04	1.35	8.08
*Given for business purposes			
8. OTHER FINANCIAL ASSETS			
(Unsecured, considered good)			
Non current			
Bank deposits with maturity of more than 12 months**	—	0.04	0.22
	—	0.04	0.22
Current			
Interest receivable	0.37	0.79	1.87
Unbilled revenue*	3.67	0.27	0.00
Insurance claim receivable	0.79	0.88	—
Others	0.37	3.52	2.44
	5.20	5.46	4.31
*Amount has been rounded off to zero.			
** Pledged with bank for issuing letter of credit.			
9. OTHER ASSETS			
(Unsecured, considered good)			
Non current			
Capital advances	14.47	10.20	11.77
(Includes advances to related parties ₹ Nil, March 31, 2017 : ₹ 9.72 crores, April 01, 2016 : ₹ 9.72 crores) (refer note 42)			
Income tax recivable (net of provisions of ₹ Nil, March 31, 2017 : ₹ Nil, April 01, 2016 : ₹ 7.64 crores)	7.13	7.31	9.61
Prepaid expenses	0.03	0.05	0.35
Others*	—	—	0.00
	21.63	17.56	21.73
Current			
Advance to suppliers	4.39	8.35	3.14
(Includes advances to related parties ₹ 0.09 crore, March 31, 2017: ₹ Nil, April 01, 2016 : ₹ Nil, refer note 42)			
Prepaid expenses	3.67	3.16	1.91
Balance with statutory/ government authorities	14.76	29.90	32.62
Export incentive receivable	5.69	6.44	1.30
Others	6.35	3.19	3.42
	34.86	51.04	42.39
* Amount has been rounded off to zero.			
10. INVENTORIES			
(valued at lower of cost or net realisable value)			
Raw material and components	14.07	10.88	10.67
Work-in-progress	4.98	12.03	13.78
Finished goods	10.92	—	—
Goods-in-transit - finished goods	1.74	1.20	1.15
Stores and spares	21.32	21.65	23.16
	53.03	45.76	48.76

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
11. TRADE RECEIVABLES			
Unsecured, considered good	226.67	192.24	149.95
Unsecured, considered doubtful	—	0.46	0.64
	226.67	192.70	150.59
Less : Provision for doubtful receivables	—	(0.46)	(0.64)
	226.67	192.24	149.95
12. CASH AND CASH EQUIVALENTS			
Cash on hand	0.23	0.10	0.33
Balances with banks:			
In current accounts	3.47	0.27	1.44
	3.70	0.37	1.77
13. OTHER BANK BALANCES			
Unpaid dividend accounts	1.29	0.96	1.20
Bank deposits with maturity of more than 3 months and less than 12 months*	1.38	1.35	1.09
	2.66	2.31	2.29

*Pledged with bank for issuing letter of credit.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

14. EQUITY SHARE CAPITAL

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Authorised			
490,000,000 equity shares of ₹1/- each#	49.00	25.00	25.00
(March 31, 2017: 250,000,000 equity shares of ₹1 /- each and April 01, 2016: 250,000,000 equity shares of ₹1 /- each)			
5,000,000 redeemable preference shares of ₹10/- each	5.00	5.00	5.00
(March 31, 2017: 5,000,000 redeemable preference shares of ₹10/- each and April 01, 2016: 5,000,000 redeemable preference shares of ₹10/- each)			
	<u>54.00</u>	<u>30.00</u>	<u>30.00</u>
# Includes ₹240,000,000 pertaining to Uttarakhand Automotive Limited (refer note 46)			
b) Issued, subscribed and paid-up			
135,285,000 equity shares of ₹1/- each fully paid up	13.53	13.53	13.53
(previous year 135,285,000 equity shares of ₹1/- each)			
	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>

c) Reconciliation of number of equity shares outstanding

	Year ended March 31, 2018		Year ended March 31, 2017	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	13.53	135,285,000	13.53	135,285,000
Movement during the year	—	—	—	—
Outstanding at the end of the year	<u>13.53</u>	<u>135,285,000</u>	<u>13.53</u>	<u>135,285,000</u>

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

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

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

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

Name of shareholder	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares
Kapsons Associates Investment Private Limited	15.40	20,838,321	15.40	20,838,321	28.77	38,917,050
Arvind Kapur	9.35	12,652,460	9.35	12,652,460	9.35	12,652,460
Arun Kapur	6.39	8,651,160	6.39	8,651,160	6.39	8,651,160
Meraki Manufacturing and Finvest Advisors Private Limited	8.72	11,790,841	8.72	11,790,841	—	—
Higain Investments Private Limited	5.60	7,570,628	5.60	7,570,628	0.02	26,640

The above information is furnished as per the shareholders register as on March 31, 2018.

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
15. OTHER EQUITY			
Capital reserve*	0.00	0.00	0.00
Capital redemption reserve	2.00	2.00	2.00
Securities premium reserve	145.04	145.04	145.04
Foreign currency monetary item translation difference	0.19	0.36	(0.77)
General reserve	79.54	79.54	79.54
Retained earning	303.96	273.50	228.32
	530.73	500.44	454.13

Reconciliation of reserves

	Year ended March 31, 2018	Year ended March 31, 2017
Capital reserve		
Opening balance*	0.00	0.00
Add : Additions during the year	—	—
Less : Utilised/ transferred during the year	—	—
Closing balance*	0.00	0.00
Capital redemption reserve		
Opening balance	2.00	2.00
Add : Additions during the year	—	—
Less : Utilised/ transferred during the year	—	—
Closing balance	2.00	2.00
Securities premium reserve		
Opening balance	145.04	145.04
Add : Additions during the year	—	—
Less : Utilised/ transferred during the year	—	—
Closing balance	145.04	145.04
Foreign currency monetary item translation difference		
Opening balance	0.36	(0.77)
Add : Exchange differences accumulated during the year	0.68	0.68
Less : Exchange differences amortised during the year	(0.85)	0.44
Closing balance	0.19	0.36
General reserve		
As per last Balance Sheet	79.54	79.54
Add: Transferred from Statement of Profit and Loss	—	—
Closing balance	79.54	79.54
Surplus in Profit and Loss Account		
Opening balance	273.50	228.32
Add : Profit transferred from Statement of Profit and Loss	49.64	47.71
Less : Other comprehensive income for the year (net of taxes)	(0.45)	(0.90)
Less : Final Dividend on equity shares**	(10.15)	(1.35)
Less : Corporate dividend tax on above**	(2.07)	(0.28)
Less : Interim dividend on equity shares***	(5.41)	—
Less : Corporate dividend tax on above***	(1.10)	—
Closing balance	303.96	273.50

* Amounts have been rounded off to zero

** Pertains to year ended March 31, 2017.

*** During the year ended March 31, 2018, the Company has paid a interim dividend of ₹5.41 crores (₹0.40 per equity share of ₹1/- each) at their meeting held on February 09, 2018, corporate dividend tax on the same amounts to ₹1.10 crores.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

Description of reserves

a. Capital reserve

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

b. Capital redemption reserve

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

c. Securities premium reserve

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

d. Foreign currency monetary item translation difference

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

e. General reserve

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

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
16. Borrowings			
Non-current (Secured)*			
Secured			
Term loan			
From banks			
Foreign currency loans	68.79	87.65	107.36
Rupee loans	53.55	28.06	29.93
Vehicle loans			
From financial institution	3.29	4.19	1.59
From banks	0.36	0.55	0.27
	<u>125.99</u>	<u>120.45</u>	<u>139.15</u>
Less: Current maturities of long term secured borrowings (refer note 17)	<u>70.69</u>	<u>53.56</u>	<u>48.39</u>
	<u>55.30</u>	<u>66.89</u>	<u>90.76</u>
Current (Secured)**			
Working capital loans from banks:			
Foreign currency loans	25.59	72.97	74.58
Rupee loans	102.12	36.94	9.15
	<u>127.71</u>	<u>109.91</u>	<u>83.73</u>

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

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

A. Security Details -non-current secured loans

A1.	Foreign currency term loan from Export Import bank of India carries interest @ 6 months Libor+5.00% per annum (previous year 6 months Libor + 5.00% per annum) and is repayable in 20 equal quarterly installments after moratorium of 8 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dhuruhera and Gurugram. This loan has been fully repaid on December 01, 2017.	–	1.94	4.63
A2.	Rupee term loan from Export Import bank of India carries interest @ Base rate + 2.00% per annum Based on current spread, the current interest rate ranges from 11.00% per annum to 11.25% per annum (previous year 11.45% per annum to 11.70% per annum) and the loan is repayable in 20 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dhuruhera and Gurugram. This loan has been fully repaid on December 01, 2017.	–	3.16	10.05

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A3. Rupee term loan from Syndicate Bank carries rate interest ranging from 12.10% per annum to 12.20% per annum (previous year 12.20% p.a to 12.75% per annum) and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram. Additionally loan is, secured by land & buildings at Plot No. 23, Sector 5, HSIIDC Phase II, GC Bawal (Haryana) and land & buildings at Plot No.01 & 02, Industrial Park 4, Begumpur, Haridwar, Uttarakhand. The loan is also secured by way of personal guarantee of Managing Director and Joint Managing Director of the Company. This loan has been fully repaid on September 30, 2016.	–	–	19.88
A4. Foreign currency term loan from Yes Bank Limited carries interest @ 3 months Libor+ 3.75% per annum (previous year 3 months Libor+ 3.75% per annum) and is repayable in 14 equal quarterly installments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	13.03	20.35	26.46
A5. Foreign currency term loan from Yes Bank Limited carries interest @ 6 months Libor+ 3.85 % per annum (previous year 6 months Libor+ 3.85% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	2.44	3.82	4.96
A6. Foreign currency term loan from Kotak Mahindra Limited carries interest @ 6 months Libor+ 3.50% to 3.85 % per annum (previous year 6 months Libor+ 3.50% per annum) and is repayable in 16 equal quarterly installments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the certain immovable properties of the Company situated at Dharuhera and Gurugram. This is additionally secured by personal guarantee of Managing Director and Joint Managing Director of the Company. Personal Gurantee got released on September 12, 2017.	12.22	16.71	19.38
A7. Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.55% to 9.75% per annum (previous year 9.75% to 10.50% per annum) and is repayable in 3 equal quarterly installments starting December, 2018. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram. This is additionally secured by personal guarantee of Managing Director and Joint Managing Director of the Company. Personal Gurantee got released on September 12, 2017	19.98	19.90	–
A8. Foreign currency term loan from RBL Bank Limited carries interest @ 3 months Libor+ 3.85 % per annum (previous year 3 months Libor+ 3.85% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	12.55	22.38	32.99

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A9. Rupee term loan from RBL Bank Limited carries interest @ 9.70% to 10% per annum (previous year 10 % per annum) and is repayable in 14 equal quarterly installments starting June 2017. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	3.57	5.00	–
A10. Rupee term loan from Yes Bank Limited carries interest @ 9.05% per annum and is repayable in 16 equal quarterly installments starting March, 2019. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	30.00	–	–
A11. Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 35-60 carrying interest @ 8.15% per annum to 11.05% per annum (Previous year 8.15% to 11.05% per annum).	3.65	4.74	1.86
A12. Buyer's credit facility from State Bank of India (earlier State Bank of Patiala) is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable at 12 months carrying interest @ Libor + 0.35% to 1.25% (Previous year Libor + 0.35% to 1.25% per annum).	7.35	8.15	6.62
A13. Buyer's credit facility from Indusind Bank Limited (taken over from Axis Bank Limited) are secured by exclusive charge on immovable properties (land & building) of the Company situated at Chennai and machinery imported under this facility and are repayable at 12 months carrying interest @ Libor + 0.20% to 0.45% (Previous year Libor + 0.20% to 0.25% per annum).	18.62	14.31	12.32
A14. Buyer's credit facility from Yes Bank Limited is secured under working capital security i.e. First pari-passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future) and by exclusive charge on the machinery imported availing the said facility and are repayable at 12 months carrying interest @ Libor + 0.50% per annum.	2.58	–	–
	125.99	120.46	139.15
B. Security Details - Current Secured Loans			
B1. Working capital loans/facilities are secured against first pari-passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	102.12	36.94	9.15
B2. Packing credit facility from Kotak Mahindra Bank Limited is secured against first pari-passu charge on all the current assets of the Company (both present and future).	20.73	43.73	38.50
B3. Packing credit facility from Yes Bank Limited is secured against first pari passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock in process, finished goods, stores, consumables and receivables.	4.86	19.49	21.53
B4. This packing credit facility from IDBI Bank Limited is secured against first pari passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock in process, finished goods, stores, consumables and receivables.	–	9.75	14.55
	127.71	109.91	83.73

Aggregate amount of borrowings guaranteed by Directors are Nil (March 31, 2017: ₹37.00 crores, April 01, 2016: ₹39.26 crores)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
17. OTHER FINANCIAL LIABILITIES			
Current			
Current maturities of long-term debts (Refer note 16 for security and re-payment details)			
Secured			
Foreign currency loans	53.02	48.01	40.98
Rupee loans	17.67	5.55	7.41
Derivative liability measured at fair value (refer note 32)	0.32	–	–
Interest accrued but not due on borrowings	0.68	0.35	0.38
Unclaimed dividends	1.29	0.96	1.20
Security deposit	1.57	1.10	0.72
Payable for capital purchases	3.83	2.27	3.54
Employee benefit payable	10.48	9.02	8.32
Other liabilities*	–	0.00	0.09
	<u>88.86</u>	<u>67.26</u>	<u>62.64</u>
* Amounts have been rounded off to zero			
18. PROVISIONS			
Non current			
Provision for gratuity (refer note 38)	9.00	9.64	7.33
Provision for compensated absences	2.39	2.90	0.67
	<u>11.39</u>	<u>12.54</u>	<u>8.00</u>
Current			
Provision for gratuity (refer note 38)	–	–	1.18
Provision for compensated absences	–	–	0.11
	<u>–</u>	<u>–</u>	<u>1.29</u>
19. OTHER LIABILITIES			
Non current			
Security deposits	1.99	1.35	1.19
Deferred Revenue	1.14	1.20	1.23
	<u>3.13</u>	<u>2.55</u>	<u>2.42</u>
Current			
Statutory liabilities	4.38	3.22	2.50
Security deposits	0.59	0.87	0.83
Advances from customers	4.94	4.34	4.61
Deferred Revenue	0.06	0.06	0.06
	<u>9.97</u>	<u>8.49</u>	<u>8.00</u>
20. TRADE PAYABLES			
Payable to micro enterprises and small enterprises (refer note 36)	21.48	9.18	6.50
Other payables to other than micro and small enterprises			
Acceptances	–	12.90	11.11
Other than acceptances	86.16	66.19	68.39
Due to related parties (refer note 42)	6.14	1.05	6.38
	<u>113.78</u>	<u>89.32</u>	<u>92.37</u>
21. CURRENT TAX LIABILITIES (NET)			
Provision for income tax (net of advance tax of ₹12.06 crores) (March 31, 2017 net of advance tax of ₹7.33 crores, April 01, 2016 Nil)	2.17	3.79	–
	<u>2.17</u>	<u>3.79</u>	<u>–</u>

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
22. REVENUE FROM OPERATIONS		
Sale of products	1,063.25	982.73
Sale of services		
Job work income	0.30	0.45
Other operating revenues		
Scrap sales	9.33	11.36
Duty draw back and other incentives	15.54	20.27
Support services	4.24	4.85
Others	0.54	0.54
	<u>1,093.20</u>	<u>1,020.20</u>
23. OTHER INCOME		
Interest income	9.81	9.79
Exchange rate fluctuation (net)	4.77	2.53
Rental income from operating lease	8.04	8.03
Gain on fair value change in investments	0.22	0.25
Insurance claim received	1.07	0.97
Unwinding of deferred revenue	0.06	0.03
Miscellaneous income	1.08	0.37
	<u>25.05</u>	<u>21.97</u>
24. COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	10.88	10.67
Add : Purchases during the year	699.46	605.94
Less : Closing stock	14.07	10.88
Raw material and components consumed	<u>696.28</u>	<u>605.73</u>
25. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	12.03	13.78
Closing stock	4.98	12.03
	<u>7.05</u>	<u>1.75</u>
(b) Finished goods		
Opening stock	-	-
Closing stock	10.92	-
	<u>(10.92)</u>	<u>-</u>
	<u>(3.87)</u>	<u>1.75</u>
26. EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	87.56	80.04
Contribution to provident and other funds (refer note 38)	8.40	8.79
Staff welfare expenses	4.64	4.23
	<u>100.60</u>	<u>93.06</u>
27. FINANCE COSTS		
Interest expenses on :		
Borrowings	14.96	13.74
Trade payables	-	0.02
Exchange differences regarded as an adjustment to borrowing cost	0.40	-
Other borrowing costs	1.80	2.25
	<u>17.16</u>	<u>16.01</u>

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
28. OTHER EXPENSES		
Consumption of stores and spares	37.20	32.71
Power and fuel	38.09	31.77
Sub contracting expenses	34.07	31.24
Rent (refer note 41)	1.85	2.20
Repairs		
buildings	0.50	0.73
machinery	3.02	3.13
others	2.79	3.31
Insurance	2.67	2.75
Rates and taxes	1.77	0.70
Directors' sitting fees	0.26	0.30
Traveling and conveyance	3.50	3.08
Legal and professional*	6.14	4.72
Vehicle running and maintenance expenses	2.25	2.69
Freight and forwarding	22.75	18.18
Line rejection and re-work charges	1.49	0.62
Provision for doubtful debts	—	0.46
Miscellaneous expenses	5.54	4.86
	<u>163.86</u>	<u>143.45</u>
*Includes payment to the auditors on account of:		
Audit services	0.47	0.47
Other services	0.07	0.03
Reimbursement of expenses	0.05	0.04
	<u>0.59</u>	<u>0.54</u>
29. EXCEPTIONAL ITEMS		
On account of voluntary retirement scheme (Refer note 47)	6.80	0.66
	<u>6.80</u>	<u>0.66</u>

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

30. INCOME TAX

- A. The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in the statement of Profit and Loss as follows:

	Year ended March 31, 2018		Year ended March 31, 2017	
	Amount	%	Amount	%
Profit from continuing operations before income tax expense	63.12	–	61.43	–
Income tax using the Company's domestic tax rate	21.85	34.61%	21.26	34.61%
Tax incentives and concessions	(7.49)	(11.87%)	(7.40)	(12.05%)
Non deductible expenses	0.14	0.22%	0.19	0.31%
Others	(1.01)	(1.61%)	(0.33)	(0.54%)
Income tax expenses recognised in the statement of profit and loss	13.48	21.36%	13.72	22.33%

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

Deferred tax liabilities/(assets) in relation to:	Opening balance	Recognised/ (reversed) through profit and loss	Recognised/ (reversed) through OCI/ equity	Closing balance
For the period ended March 31, 2017				
Deferred tax liabilities				
Depreciation and amortisation	16.26	2.21	–	18.47
Financial assets and liabilities at amortised cost	3.63	2.35	–	5.98
Others*	0.43	(0.43)	–	0.00
	20.32	4.13	0.00	24.45
Deferred tax assets				
Employee benefits	(5.02)	(0.43)	(0.48)	(5.93)
Minimum alternative tax credit entitlement	(1.44)	(0.99)	–	(2.43)
Others	(0.22)	(0.11)	–	(0.33)
	(6.68)	(1.53)	(0.48)	(8.69)
Net deferred tax liabilities	13.64	2.60	(0.48)	15.76
For the period ended March 31, 2018				
Deferred tax liabilities				
Depreciation and amortisation	18.47	0.67	–	19.14
Financial assets and liabilities at amortised cost	5.98	2.38	–	8.36
Others*	0.00	0.16	–	0.16
	24.45	3.21	–	27.66
Deferred tax assets				
Employee benefits	(5.93)	(0.26)	(0.24)	(6.43)
Minimum alternative tax credit entitlement	(2.43)	(3.95)	–	(6.38)
Others	(0.33)	0.26	–	(0.07)
	(8.69)	(3.95)	(0.24)	(12.88)
Net deferred tax liabilities	15.76	(0.75)	(0.24)	14.77

*Amounts have been rounded off to zero.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	Year ended March 31, 2018	Year ended April 01, 2017
31. EARNING PER SHARE		
Profit after tax (A)(₹)	49.64	47.71
Weighted average number of equity shares (basic/diluted) (B)	135,285,000	135,285,000
Nominal value of equity share(₹)	1.00	1.00
Earnings per share - basic/diluted (A/B) (₹)	3.67	3.53

32. FINANCIAL INSTRUMENTS

A. Financial Instruments by Category

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

(₹ in Crores)

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*
Financial assets						
Non Current						
Loans	-	81.38	-	75.07	-	67.23
Other financial assets	-	-	-	0.04	-	0.22
Current						
Investments	2.66	-	2.44	-	2.19	-
Trade Receivables	-	226.67	-	192.24	-	149.95
Cash and Cash Equivalents	-	3.70	-	0.37	-	1.77
Bank balances other than cash and cash equivalents	-	2.66	-	2.31	-	2.29
Loans	-	1.04	-	1.35	-	8.08
Other financial assets	-	5.20	-	5.46	-	4.31
	2.66	320.65	2.44	276.84	2.19	233.85
Financial liabilities						
Non Current						
Borrowings (excluding current maturities)	-	55.30	-	66.89	-	90.76
Current						
Borrowings	-	127.71	-	109.91	-	83.73
Trade payables	-	113.78	-	89.32	-	92.37
Other financial liabilities	0.32	88.54	-	67.26	-	62.64
	0.32	385.33	-	333.38	-	329.50

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

B. Fair value hierarchy

The categories used are as follows:

Level 1: Quoted prices in an active market.

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

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

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

	As at	Level 1	Level 2	Level 3	Total
Forward contract derivative liability	March 31, 2018	–	0.32	–	0.32
Investment measured at fair value through Profit and Loss	March 31, 2018	2.66	–	–	2.66
Investment measured at fair value through Profit and Loss	March 31, 2017	2.44	–	–	2.44
Investment measured at fair value through Profit and Loss	April 01, 2016	2.19	–	–	2.19

33. CAPITAL MANAGEMENT

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

Total debt divided by total equity

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total Debts*	253.69	230.36	222.88
Total Equity#	544.26	513.97	467.66
Debt Equity Ratio	0.47	0.45	0.48

* includes short term and long term borrowings with current maturities.

includes equity share capital and other equity.

Note: The Company is in compliant with all the loan covenants on all the borrowings outstanding as on the financial statements date.

34. FINANCIAL RISK MANAGEMENT

34A. Market risk:

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

a. Foreign currency risk:

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

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

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

(₹ in Crores)

As at March 31, 2018	USD	JPY	EURO	GBP	Others	Total
Trade payable	2.15	0.11	0.32	0.12	0.02	2.72
Borrowings:						
Buyer's credit facility	2.30	9.36	16.89	–	–	28.55
Term loan	39.95	–	–	–	–	39.95
Packing Credit Facility	25.59	–	–	–	–	25.59
Less: Trade Receivable	61.17	–	26.83	(4.33)	–	83.67
Net payable/(receivable)	8.82	9.47	(9.62)	4.45	0.02	13.14

Impact on profit and loss account on account of change in currency

Sensitivity to increase of 1%	(0.09)	(0.09)	0.10	(0.04)	(0.00)	(0.13)
Sensitivity to decrease of 1%	0.09	0.09	(0.10)	0.04	0.00	0.13

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

(₹ in Crores)						
As at March 31, 2017	USD	JPY	EURO	GBP	Others	Total
Trade payable	1.03	0.01	(0.01)	–	–	1.03
Borrowings:						
Buyer's credit facility	0.38	6.55	14.63	–	0.90	22.46
Term loan	65.25	–	–	–	–	65.25
Packing Credit Facility	72.97	–	–	–	–	72.97
Less: Trade Receivable	59.42	–	15.01	(3.81)	–	70.62
Net payable	80.21	6.56	(0.39)	3.81	0.90	91.09
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	(0.80)	(0.07)	0.00	(0.04)	(0.01)	(0.91)
Sensitivity to decrease of 1%	0.80	0.07	(0.00)	0.04	0.01	0.91

(₹ in Crores)						
As at April 01, 2016	USD	JPY	EURO	GBP	SGD	Total
Trade payable	1.16	0.16	3.04	0.06	–	4.42
Borrowings:						
Buyer's credit facility	–	6.62	12.32	–	–	18.94
Term loan	88.53	–	–	–	–	88.53
Packing credit facility	74.58	–	–	–	–	74.58
Less: Trade Receivable	59.94	–	6.37	(4.25)	–	62.06
Net payable	104.33	6.78	8.99	4.31	–	124.41
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	(1.04)	(0.07)	(0.09)	(0.04)	–	(1.24)
Sensitivity to decrease of 1%	1.04	0.07	0.09	0.04	–	1.24

Derivatives outstanding as at the reporting date

(₹ in Crores)				
	Currency sold	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Forward contract	USD	32.96	–	–
Forward contract	Euro	4.10	–	–

b. Interest rate risk:

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

(₹ in Crores)			
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Variable rate borrowings	224.72	152.80	146.43

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

(₹ in Crores)		
	Year ended March 31, 2018	Year ended March 31, 2017
Interest rate increase by 0.5%	0.67	0.70
Interest rate decrease by 0.5%	(0.67)	(0.70)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

34B. Credit risk:

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

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Investments	2.66	2.44	2.19
Cash and cash equivalents	3.70	0.37	1.77
Other bank balances	2.66	2.31	2.29
Trade receivables	226.67	192.24	149.95
Loans	82.42	76.41	75.31
Other financial assets	5.20	5.51	4.53

Cash and cash equivalents and bank balances

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

Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2018 and March 31, 2017 is insignificant. Top five customers for the year ended March 31, 2018 constitutes 65.37% of net trade receivables (March 31, 2017: 63.29% March 31, 2016: 67.23%).

Other financial assets measured at amortised cost

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

Given below is the ageing of trade receivable and loans:

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A. Trade Receivables			
Outstanding for more than six months	9.09	8.36	8.91
Others	217.58	183.88	141.04
	<u>226.67</u>	<u>192.24</u>	<u>149.95</u>
B. Loans			
Less than 1 year	-	-	-
1-3 years	29.49	-	-
More than 3 years	47.06	70.35	62.69
	<u>76.55</u>	<u>70.35</u>	<u>62.69</u>

34C. Liquidity Risk:

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

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

(₹ in Crores)

	Less than 1 year	1 - 3 years	More than 3 years	Total
As at March 31, 2018				
Borrowing (including short term and current maturities)	198.40	41.87	13.42	253.69
Interest accrued but not due on borrowings	0.68	-	-	0.68
Trade payable (including payable for capital goods)	117.62	-	-	117.62
Unclaimed dividends	1.29	-	-	1.29
Employee benefit payable	10.48	-	-	10.48
Security deposit	1.57	-	-	1.57
Derivative liability measured at fair value	0.32	-	-	0.32
Others	0.68	-	-	0.68
	<u>331.05</u>	<u>41.87</u>	<u>13.42</u>	<u>386.34</u>

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	Less than 1 year	1 – 3 years	More than 3 years	Total
As at March 31, 2017				
Borrowing (including short term and current maturities)	163.47	62.45	4.44	230.36
Interest accrued but not due on borrowings	0.35	–	–	0.35
Trade payable (including payable for capital goods)	91.59	–	–	91.59
Unclaimed dividends	0.96	–	–	0.96
Employee benefit payable	9.02	–	–	9.02
Security deposit	1.10	–	–	1.10
Others	0.35	–	–	0.35
	266.84	62.45	4.44	333.73
As at April 01, 2016				
Borrowing (including short term and current maturities)	132.12	66.66	24.10	222.88
Interest accrued but not due on borrowings	0.38	–	–	0.38
Trade payable (including payable for capital goods)	95.91	–	–	95.91
Unclaimed dividends	1.20	–	–	1.20
Employee benefit payable	8.32	–	–	8.32
Security deposit	0.72	–	–	0.72
Others	0.47	–	–	0.47
	239.12	66.66	24.10	329.88

35. CONTINGENCIES

A. Contingent liability

A1. Demand against the Company not acknowledged as liability

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Income tax (TDS)	0.00*	0.02	0.07
Sales tax and Value added tax	0.30	0.26	0.26
Excise and service tax	7.19	7.28	11.70
Dakshin Haryana Bijli Vitran Nigam (“DHBVN”)	5.60	5.60	5.60
Others	0.01	0.01	0.01

*The amounts have been rounded off to zero.

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

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Sales tax and Value added tax	0.04	0.04	0.04
Excise and service tax	5.16	5.32	7.58
DHBVN	5.60	5.60	5.60

A2. Guarantees

i) On behalf of subsidiary companies:

The Company has given corporate guarantees to the bankers for the loan taken by following step down subsidiary company:

(₹ in Crores)

Name of the step down subsidiary	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Rasa Autocom Limited	–	–	5.00

The outstanding amount as on March 31, 2018 of the above mentioned loan as per the books of accounts of Rasa Autocom Limited is Nil (March 31, 2017 Nil and April 01, 2016 ₹ 0.54 crores).

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

A3. Others

Surety bonds executed in favour of the President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing capital goods at concessional rate of custom duty. Amount of custom duty involved is ₹ 4.28 crores (March 31, 2017: ₹ 4.28 crores and April 01, 2016: ₹ 4.28 crores).

36. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Crores)

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Principal	Interest	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	21.48	0.10	9.18	0.01	6.50	0.01
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	-	-	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	0.10	-	0.01	-	0.01
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-	-	-	-	-

37. COMMITMENTS

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹ 14.47 crores (March 31, 2017: ₹ 4.54 crores and April 01, 2016: ₹ 2.05 crores)]	115.85	19.42	2.52

38. EMPLOYEE BENEFITS

A. Defined contribution plans

(₹ in Crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Employer's contribution to provident fund	4.33	4.21
Employer's contribution to ESI	0.28	0.17

B. Defined benefit plan

GRATUITY

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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

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

(₹ in Crores)

	Year ended March 31, 2018	Year ended March 31, 2017
B1. Change in defined benefit obligation		
Present value of obligation as at beginning of the year	18.26	15.63
Current service cost*	1.32	1.29
Interest cost	1.35	1.25
Benefits paid	(3.74)	(1.15)
Actuarial loss	0.69	1.24
Present value of obligation as at end of the year	17.88	18.26
*Included in employee benefit expenses.		
B2. Change in fair value of plan assets		
Fair value of assets at the beginning of the year	8.62	7.12
Expected return on plan assets	0.64	0.56
Employers contributions	1.23	2.22
Benefits paid	(1.61)	(1.14)
Actuarial gain	–	(0.14)
Fair value of plan assets as at end of the year	8.88	8.62
B3. The amounts to be recognised in balance sheet		
Present value of obligation as at the end of the period	17.88	18.26
Fair value of plan assets as at the end of the period	(8.88)	(8.62)
Net liability recognised in Balance Sheet	9.00	9.64
–Non current	9.00	9.64
–Current	–	–
B4. Expense recognised during the year		
In income statement		
Current service cost	1.32	1.29
Interest cost (net of income)	0.71	0.68
Net cost	2.03	1.97
In other comprehensive income		
–Change in financial assumptions	(0.75)	(0.30)
–Experience variance (i.e. Actual experience vs assumptions)	1.44	1.54
–Return on plan assets, excluding amount recognised in net interest expense	–	(0.13)
Net cost	0.69	1.38
B5. Actuarial assumptions		
Discount rate	7.80%	7.40%
Rate of increase in compensation levels	6.25%	6.25%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

B6. Sensitivity analysis for gratuity liability

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

(₹ in Crores)

	As at March 31, 2018		As at March 31, 2017	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	17.00	18.82	17.35	19.24
Impact of change in salary (+/- 0.5%)	18.83	16.98	19.25	17.33
Impact of change in attrition rate (+/- 0.5%)	17.94	17.80	18.32	18.20

Note: The Company expects to contribute ₹10.38 crore to gratuity fund in the next financial year.

B7. Experience adjustment related to gratuity is summarised as below

(₹ in Crores)

	Year ended				
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
On plan liabilities – gain/(loss)	(0.30)	(2.58)	(0.30)	(1.54)	(1.44)
On plan assets – gain/(loss)	(0.02)	(0.15)	(0.03)	(0.22)	–

C. Other long term benefit plans

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

Actuarial valuation has been done with the following assumptions:

	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.80%	7.40%
Salary growth rate	6.25%	6.25%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

39. EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ in Crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Capital expenditure	4.27	3.05
Employee benefits expense	7.45	5.82
Revenue expenditure other than depreciation	3.47	2.30
Depreciation on research and development assets	1.02	0.45

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

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

Loans and advances in the nature of loans to subsidiaries

(₹ in Crores)

Name of entity	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	Maximum balance during the year ended	
				March 31, 2018	March 31, 2017
Rasa Autocom Limited (Step down Subsidiary)	26.03	23.87	21.89	26.03	24.07
Rico Jinfei Wheels Limited (Step down Subsidiary)	46.23	43.69	38.74	46.23	43.83
AAN Engineering Industries Limited (Subsidiary)	4.27	2.79	2.05	4.27	3.95
Rico Investment Limited (Subsidiary)	–	0.01	0.00*	–	0.01

*Amounts have been rounded off to zero

41. The Company's operating lease payments pertains to premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to ₹ 1.85 crores (March 31, 2017: ₹ 2.20 crores and April 01, 2016: ₹ 1.07 crores) for the year, has been charged to the statement of profit and loss.

The future minimum operating lease payments in respect of premises taken on lease are as follow:

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Minimum lease payments			
Due within one year	0.33	0.32	0.19
Due for period more than one but less than five years	1.48	1.33	1.32
Due for period more than five years	15.31	15.89	16.13
Total minimum lease payment	17.12	17.54	17.64

42. RELATED PARTY DISCLOSURES

I. Related parties

A. Subsidiaries

A1. Indian

- i. AAN Engineering Industries Limited
- ii. Rico Investments Limited*
- iii. Rico Aluminium and Ferrous Auto components (step down subsidiary)
- iv. Rasa Autocom Limited (step down subsidiary)
- v. Rico Jinfei Wheels Limited (step down subsidiary)
- vi. Uttarakhand Automotives Limited***

A2. Foreign

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

B. Joint Venture

Magna Rico Powertrain Private Limited

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

- i. Kapsons Associates Investments Private Limited
- ii. Higain Investments Private Limited
- iii. Magpie Finvest Advisors Private Limited
- vi. Octan Media Limited
- v. ASN Properties Private Limited
- vi. Rico Castings Limited
- vii. T.K. Precision Private Limited
- viii. Kapbros Engineering Industries Limited
- ix. Haridwar Estates Private Limited
- x. Ishwara Manufacturing Services Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

D. Key management personnel

- i. Shri Arvind Kapur –Chairman, CEO & Managing Director
- ii. Shri Arun Kapur – Joint Managing Director
- iii. Shri Rakesh Kapur – Non Executive Director
- vi. Smt. Upasna Kapur – Non Executive Director
- v. Shri Amarjit Chopra – Independent Director
- vi. Shri Satish Sekhri – Independent Director
- vii. Shri Ashok Seth – Independent Director
- viii. Shri Kanwal Monga – Independent Director
- ix. Shri Rajeev Kapoor – Independent Director
- x. Shri Vinod Kumar Nagar – Independent Director
- xi. Shri Sanjay Syal- Chief Financial Officer (upto February 7, 2017) *
- xii. Shri Rakesh Kumar Sharma – Chief Financial Officer (from August 04, 2017) *
- xiii. Shri B.M Jhamb- Company Secretary*

* as per the Companies Act 2013

II. Transactions with related parties

		(₹ in Crores)	
		Year ended March 31, 2018	Year ended March 31, 2017
A.	Step down subsidiary/Subsidiary		
1.	Rasa Autocom Limited		
	Purchase of goods	25.08	7.29
	Sale of goods	0.05	0.27
	Sale of assets	0.09	0.02
	Job work expenses	11.88	15.75
	Reimbursement of expenses	0.61	3.83
	Advance given	–	4.87
	Rent paid	0.07	–
	Interest Income	2.16	1.98
2.	Rico Jinfei Wheels Limited		
	Purchase of goods	5.06	1.43
	Sale of goods	1.88	1.33
	Job work income	–	0.01
	Job work expense	0.14	–
	Recovery of expense	–	0.04
	Loan given	–	1.50
	Loan received back	1.39	–
	Interest Income	3.93	3.59
3.	Rico Aluminium and Ferrous Auto components Limited		
	Purchase of goods	255.61	228.84
	Sale of goods or materials	21.43	21.54
	Sale of assets	–	3.18
	Administration, finance, production support services	4.48	5.57
	Rent income	8.98	9.01
	Purchase of assets	3.21	0.04
	Rent expense	0.49	0.47
	Interest income	–	0.10
	Job work expenses	15.76	46.07
	Recovery of expenses	51.33	51.54
	Reimbursement of expenses	0.24	–
4.	Rico Auto Industries Inc, USA		
	Sale of goods	134.55	143.79
	Reimbursement of expenses	0.74	0.23
5.	Rico Auto Industries (UK) Limited, UK		
	Sale of goods	78.59	52.32
	Reimbursement of expenses	3.43	0.71

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

	Year ended March 31, 2018	Year ended March 31, 2017
6. AAN Engineering Industries Limited		
Rent income	0.23	0.03
Loan given (net)	1.15	0.46
Purchase of goods*	–	0.00
Sale of goods	–	0.15
Purchase of assets	–	0.22
Recovery of expenses	0.75	0.84
Interest income	0.33	0.28
7. Rico Investment Limited		
Rent income	0.01	0.01
Interest on debentures	2.20	2.56
B. Joint venture		
1. Magna Rico Powertrain Private Limited		
Job work income	–	0.00*
Sale of goods	5.20	5.01
Miscellaneous income	0.14	0.21
C. Entity in which directors are interested		
1. Rico Casting Limited		
Purchase of goods	22.11	11.14
Sale of goods	13.48	7.40
Purchase of assets	–	0.05
Job work expense	–	0.01
Reimbursement of expense*	0.04	0.00
2. Kapbros Engineering Industries Limited		
Purchase of goods	30.22	0.09
Sale of goods	0.23	0.19
Purchase of assets	0.81	–
Sale of assets	–	0.04
Job work expense	0.32	–
Recovery of expenses	0.86	0.04
3. Kapsons Associates Investments Private Limited		
Rent expense	0.67	0.75
4. Magpie Finvest Advisors Private Limited		
Rent paid*	0.00	–
5. T.K. Precision Private Limited		
Purchase of goods	3.73	3.62
Recovery of expenses	0.01	–
6. Ishwara Manufacturing Services Private Limited		
Rent expense	0.03	–
7. Haridwar Estates Private Limited		
Advance adjusted	9.72	–
Advance given	0.09	–
D. Key management personnel compensation**		
Shri Arvind Kapur	3.33	2.92
Shri Arun Kapur	1.02	0.62
Shri Sanjay Sayal	–	0.50
Shri Rakesh Kumar Sharma	0.37	–
Shri BM Jhamb	0.40	0.42
Sitting fees and commission	0.94	0.87

* Amounts have been rounded off to zero

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

*** Amalgamated with the Company as per the Order dated 09/01/2018 passed by the Hon'ble NCL T, Chandigarh.

Note: In respect of details of personal guarantee given by promoters or directors, refer Note 16

Note: The above transactions are in the ordinary course of business.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

III. Balances with related parties

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A. Step down subsidiary/Subsidiary			
1. Rasa Autocom Limited			
Balance payable	4.32	—	—
Balance recoverable	—	3.23	—
Loans	26.03	23.87	21.89
Guarantees given	—	—	5.00
2. Rico Jinfei Wheels Limited			
Balance payable, net	0.63	—	—
Balance recoverable, net	—	3.01	2.79
Loans	46.23	43.69	38.74
3. Rico Aluminium and Ferrous Auto components Limited (formerly known as RAA Autocom Limited)			
Balance payable	—	—	5.42
Balance recoverable	2.31	12.46	—
4. Rico Auto Industries Inc, USA			
Balance recoverable	42.30	39.04	43.51
5. Rico Auto Industries (UK) Limited, UK			
Balance recoverable	25.28	18.72	9.93
6. AAN Engineering Industries Limited			
Balance recoverable	1.15	0.23	0.45
Loans	4.27	2.79	2.05
7. Rico Investment Limited			
Interest receivable	—	0.02	0.64
Balance recoverable	0.01	—	—
B. Joint venture			
1. Magna Rico Powertrain Private Limited			
Balance recoverable	1.37	1.72	2.56
C. Entity in which directors are interested			
1. Rico Casting Limited			
Balance recoverable, net	0.70	—	0.36
Balance payable, net	—	0.18	—
2. Kapbros Engineering Industries Limited			
Balance recoverable, net	—	0.24	—
Balance payable, net	0.11	—	0.02
3. Kapsons Associates Investments Private Limited			
Security deposit	0.18	0.18	0.18
Balance payable, net	0.00*	—	—
4. Magpie Finvest Advisors Private Limited			
Balance payable, net	0.00*	—	—
5. Haridwar Estates Private Limited			
Capital advance	—	9.72	9.72
Advance given	0.09	—	—
6. T.K. Precision Private Limited			
Balance payable	1.05	0.87	0.94
7. Ishwara Manufacturing Services Private Limited			
Balance payable	0.03	—	—

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

43. The Company has opted to provide segment information in its consolidated financial statement in accordance with Ind AS 108 - Operating Segments.
44. In accordance with Accounting Standard 11 (under previous GAAP) "The effects of Changes in Foreign Exchange Rates", the Company had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. The Company has elected to continue with this accounting treatment as per option given in para D13AA of Ind AS 101 (refer note 49 for details). Amount remaining to be amortised is as under:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(₹ in Crores)			
Un-amortised exchange differences			
– Property, plant and equipment	3.93	3.44	8.01
– FCMITDA	0.19	0.36	(0.77)

45. As per the transfer pricing norms applicable in India, the Company is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating the transfer pricing study for the current financial period. However, in the opinion of the management the same would not have a material impact on these financial statements.
46. During the current year, the Hon'able National Company Law Tribunal, Chandigarh Bench vide its Order dated December, 2017 (received on January 09, 2018) has approved the Schemes of Amalgamation (the "UAL Scheme") which inter alia includes the amalgamation of a wholly owned subsidiary of the Company namely Uttarakhand Automotive Limited ("UAL"). The appointed date is April 01, 2015. The same has been accounted for using the 'pooling of interest' method (in accordance with the approved scheme) and also the guidance mentioned under Appendix C of Ind AS 103, Business Combinations. Consequently, the Company has recorded an adjustment amounting to ₹0.34 crore in the retained earnings as on the April 01, 2016, being the earliest period presented.
47. Exceptional items for the current year and previous year include expenditure incurred pursuant to Voluntary Retirement Scheme of the Company amounting to ₹6.80 crores and ₹0.66 crore respectively.
48. **Corporate social responsibility**
- As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas of CSR activities are promoting education among children. The funds were primarily allocated and utilised for the activities that are specified in Schedule VII of the Companies Act, 2013.
- a) Gross amount required to be spent by the Company during the year is Nil.
- b) Amount spent during the year on:

	In cash	Yet to be paid in cash	Total
(₹ in Crores)			
Year ended March 31, 2018:			
Construction/acquisition of any asset	0.28	–	0.28
On purposes other than (i) above	0.28	–	0.28
Year ended March 31, 2017:			
Construction/acquisition of any asset	–	–	–
On purposes other than (i) above	0.48	–	0.48

49. FIRST-TIME ADOPTION OF Ind AS

These are the first financial statements prepared in accordance with Ind AS by the Company.

The accounting policies and other principles set out in Note 2 and 3 have been applied in preparing financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in preparation of an opening Ind AS balance sheet at April 01, 2016 (the transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006(as amended) and other relevant provisions of the act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in following tables and notes.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A1. Ind AS optional exemptions

A1.1 Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property plants and equipment as recognised in the financial statements as the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets at their previous GAAP carrying value.

A1.2 Long term foreign currency monetary items

The Company has elected to continue policy adopted for accounting for exchange differences arising from translation of long-term foreign monetary item recognised in financial statement for period ending immediately before beginning of first Ind AS financial reporting period as per previous GAAP i.e., April 01, 2017.

A1.3 Investment in subsidiaries/ Joint venture/ Associatees

As per Ind AS 101, If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

- (a) cost determined in accordance with Ind AS 27; or
- (b) deemed cost, the deemed cost of such an investment shall be its:
 - (i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
 - (ii) previous GAAP carrying amount at that date

Accordingly, the company has availed the exemption and has measured these investments at previous GAAP carrying amounts at the transition date.

A2. Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS's at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimate were in error.

There is no such estimate which is changed while applying Ind AS. All the estimates as per previous GAAP is carried forward as in Ind AS transition balance sheet as at April 01, 2016.

Further, The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL or FVOCI;
- Investment in debt instruments carried at amortised cost; and
- Impairment of financial assets based on expected credit loss model.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accumulated at amortised cost based on facts and circumstances at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

B. Reconciliations between previous GAAP and Ind AS

B1.1 Reconciliation of Balance Sheet (Transition Balance Sheet)

(₹ in Crores)

(₹ in Crores)

	Notes	As at April 01, 2016		
		Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS balance sheet
Assets				
Non-current assets				
(a) Property, plant and equipment	B.7 - f	291.01	1.86	292.87
(b) Capital work-in-progress		52.26	–	52.26
(c) Financial Assets				
(i) Investments		136.87	(0.41)	136.46
(ii) Loans	B.7 - c	56.75	10.48	67.23
(iii) Other financial assets	B.7 - a	0.22	–	0.22
(d) Other non-current assets		21.73	–	21.73
Total non-current assets		558.84	11.93	570.77
Current Assets				
(a) Inventories		48.76	–	48.76
(b) Financial Assets				
(i) Investments		2.00	0.19	2.19
(ii) Trade receivables	B.7 - b	149.95	–	149.95
(iii) Cash and cash equivalents		1.77	–	1.77
(iv) Bank balances other than (iii) above		2.29	–	2.29
(v) Loans	B.7 - a	8.09	(0.01)	8.08
(vi) Other financial assets	B.7 - c	4.21	0.10	4.31
(c) Other current assets	B.7 - a	42.80	(0.41)	42.39
Total current assets		259.87	(0.13)	259.74
Total Assets		818.71	11.80	830.51
Equity#				
(a) Equity Share Capital		13.53	–	13.53
(b) Other Equity	B.5	445.01	9.12	454.13
Total Equity		458.54	9.12	467.66
Non-Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	B.7 - a	91.45	(0.69)	90.76
(b) Provisions		8.00	–	8.00
(c) Deferred tax liabilities (net)	B.7 - i	10.01	3.63	13.64
(d) Other non-current liabilities	B.7 - f	1.19	1.23	2.42
Total non-current liabilities		110.65	4.17	114.82
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		83.73	0.00	83.73
(ii) Trade Payables	B.7 - c	92.28	0.09	92.37
(iii) Other financial liabilities		62.64	–	62.64
(b) Other current liabilities	B.7 - f	7.95	0.05	8.00
(c) Provisions	B.7 - d	2.92	(1.63)	1.29
Total current liabilities		249.52	(1.49)	248.03
Total equity and liabilities		818.71	11.80	830.51

* Previous GAAP figures has been reclassified as per the Ind AS presentation requirements.

Includes total current assets amounting to ₹2.21 crores, total current liabilities amounting to ₹2.14 crores and equity amounting to ₹0.07 crores pursuant to merger of Uttarakhand Automotive Limited, in accordance with Ind AS 103, Appendix C, Refer note 46.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

B.1.2 Reconciliation of Balance Sheet

(₹ in Crores)

		As at March 31, 2017		
	Notes	Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS balance sheet
Non-Current Assets				
(a) Property, plant and equipment	B.7 - f	323.68	1.83	325.51
(b) Capital work-in-progress		34.87	–	34.87
(c) Financial Assets				
(i) Investments	B.7 - e	136.87	(0.41)	136.46
(ii) Loans	B.7 - a	58.74	16.33	75.07
(iii) Other financial assets		0.04	–	0.04
(d) Other non-current assets	B.7 - a	17.56	–	17.56
Total non-current assets		571.76	17.75	589.51
Current Assets				
(a) Inventories		45.76	–	45.76
(b) Financial Assets				
(i) Investments	B.7 - b	2.00	0.44	2.44
(ii) Trade receivables		192.24	–	192.24
(iii) Cash and cash equivalents		0.37	–	0.37
(iv) Bank Balances other than (iii) above		2.31	–	2.31
(v) Loans		1.35	–	1.35
(vi) Other financial assets	B.7 - c	5.36	0.10	5.46
(c) Other current assets	B.7 - a	51.10	(0.06)	51.04
Total current assets		300.49	0.48	300.97
Total Assets		872.25	18.23	890.48
Equity#				
Equity Share Capital		13.53	–	13.53
Other Equity	B.5	488.85	11.59	500.44
Total Equity		502.38	11.59	513.97
Non-Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	B.7 - a	67.34	(0.45)	66.89
(ii) Other financial liabilities		–	–	–
(b) Provisions		12.54	–	12.54
(c) Deferred tax liabilities (net)	B.7 - i	9.96	5.80	15.76
(d) Other non-current liabilities		1.33	1.22	2.55
Total non-current liabilities	B.7 - f	91.17	6.57	97.74
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		109.91	–	109.91
(ii) Trade Payables		89.32	–	89.32
(iii) Other financial liabilities		67.26	–	67.26
(b) Other current liabilities	B.7 - f	8.42	0.07	8.49
(c) Current tax liabilities (net)		3.79	–	3.79
Total current liabilities		278.70	0.07	278.77
Total equity and liabilities		872.25	18.23	890.48

* Previous GAAP figures has been reclassified as per the Ind AS presentation requirements.

Includes total current assets amounting to ₹2.21 crores, total current liabilities amounting to ₹2.15 crores and equity amounting to ₹0.06 crores pursuant to merger of Uttarakhand Automotive Limited, in accordance with Ind AS 103, Appendix C, Refer note 46.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

B.2 Reconciliation of Profit and Loss

(₹ in Crores)

	Notes	Year ending March 31, 2017		
		Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS balance sheet
I. Revenue from Operations		1,020.20	–	1,020.20
II. Other Income	B.7 - a, b	15.85	6.12	21.97
III. Total revenue		1,036.05	6.12	1,042.17
IV. Expenses				
(a) Cost of material consumed		605.73	–	605.73
(b) Purchases of stock-in-trade		18.77	–	18.77
(c) Changes in Inventories of finished goods, stock-in-trade and work-in-progress		1.75	–	1.75
(d) Excise Duty		65.75	0.00	65.75
(e) Employee benefit expense	B.7 - f	94.44	(1.38)	93.06
(f) Finance costs	B.7 - a	16.23	(0.22)	16.01
(g) Depreciation and amortization expense	B.7 - f	35.53	0.03	35.56
(h) Other expenses	B.7 - c	143.54	(0.09)	143.45
Total expenses (IV)		981.74	(1.66)	980.08
V. Profit before tax (A–B+C)		54.31	7.78	62.09
(a) Exceptional Items		0.66	–	0.66
VI. Profit / (loss) after exceptional items and tax		53.65	7.78	61.43
Tax expense				
(a) Current tax		11.12	–	11.12
(b) Deferred tax	B.7 - i	(0.06)	2.66	2.60
VII. Profit for the year		42.59	5.12	47.71
VIII. Other comprehensive income				
Items that will not be reclassified to statement of profit and loss				
(a) Remeasurements of the defined benefit plan obligation	B.7 - g	–	1.38	1.38
(b) Income Tax		–	(0.48)	(0.48)
Other comprehensive income		–	0.90	0.90
IX. Total comprehensive income for the year (Comprising of profit and other comprehensive income for the year)		42.59	4.22	46.81

*Previous GAAP figures has been reclassified as per the Ind AS presentation requirements.

B.3 Reconciliation of Statement of Cash Flow

(₹ in Crores)

	Year ending March 31, 2017		
	Previous GAPP	Effect of Transition to Ind AS*	As per Ind AS financial statements
Net cash flows from operating activities	54.49	0.00	54.49
Net cash flows used in investing activities	(46.49)	0.00	(46.49)
Net cash flows used in financing activities	(9.39)	0.00	(9.39)
Net decrease in cash and cash equivalents	(1.40)	0.00	(1.40)
Cash and cash equivalents at the beginning of the year	1.77	0.00	1.77
Cash and cash equivalents at end of year	0.37	0.00	0.37

*Amounts have been rounded off to zero

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

B.4 Reconciliation of Cash and Cash equivalents

	(₹ in Crores)	
	As at March 31, 2017	As at April 01, 2016
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP	0.37	1.77
Increase in cash and cash equivalents due to retrospective application of Uttarakhand Automotives Limited Merger*	0.00	0.00
Cash and cash equivalents for the purpose of statement of cash flows as per Ind AS	0.37	1.77

*Amounts have been rounded off to zero

B.5 Reconciliation of Equity

		(₹ in Crores)	
	Notes	As at March 31, 2017	As at April 01, 2016
Other equity (reserves and surplus) under Previous GAAP		488.85	445.01
Measurement of current investment at fair value	B.7 - b	0.44	0.19
Effective interest rate adjustment	B.7 - a	17.73	11.75
Uttarakhand automotive limited merger adjustment	B.7 - c	(0.36)	(0.34)
Adjustment of Dividend (FY 2015-16)*	B.7 - d	–	1.63
Others		(0.06)	(0.05)
Deferred tax impact of above adjustments	B.7 - i	(6.16)	(3.97)
Total adjustment to equity		11.59	9.12
Total equity as per Ind AS		500.44	454.13

B.6 Reconciliation of Profit after tax

		(₹ in Crores)	
	Notes	Year ended March 31, 2017	
Profit as per previous GAAP		42.59	
Measurement of Current investment at fair value	B.7 - b	0.25	
Effective interest rate adjustment	B.7 - a	6.08	
Adjustment of prior period item	B.7 - c	0.09	
Uttarakhand automotive limited Merger adjustment*	B.7 - e	(0.00)	
Adjustment for recording actuarial gains and losses in other comprehensive income	B.7 - g	1.38	
Others		(0.01)	
Deferred tax impact of above adjustments	B.7 - i	(2.67)	
Total effect of transition to Ind AS		5.12	
Profit for the year as per Ind AS		47.71	
Other comprehensive income for the year (net of tax)		(0.90)	
Total effect of transition to Ind AS		46.81	

* Amounts have been rounded of to zero

B.7 Notes to Ind AS 101 - First time Adoption of Indian Accounting Standards reconciliation

- a. **Measurement of financial assets and financial liabilities at amortised cost:** Under Previous GAAP, all assets and liabilities that are now classified under the head financial assets and financial liabilities were carried at cost.

Under Ind AS, certain financial assets and financial liabilities are subsequently measured at amortised cost which involves the application of effective interest rate method (EIR). In applying the effective interest method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

- b. **Fair valuation of investments in mutual fund (fair value through profit and loss account):** Under the previous GAAP, long term investments were measured at cost less diminution in value. Under the Ind AS, investments in mutual fund are measured at fair value as at the transition date, the Company has made irrevocable choice to account for these investments at fair value through profit and loss (FVTPL).

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018 (Contd.)

- c. **Prior period items:** Under previous GAAP, prior period items were reflected as part of current year expense or income in the statement of profit and loss. Under Ind AS, the prior period items are adjusted to the period to which they relate and these are adjusted against opening equity of the earliest period presented.
- d. **Proposed dividend:** Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings.
- e. **Merger of Uttarakhand Aautomotives Limited (UAL):** Effect of retrospective application of Ind AS 103- Business Combinations for UAL merger affected from April 01, 2015. (refer Note 46)
- f. **Government Grant (EPCG):** Under the previous GAAP, EPCG benefit were not considered as government grant. Under Ind AS, EPCG benefits are considered as government grant thus EPCG benefit has been considered as Deferred revenue under other liabilities and a equivalent portion has been added up to the gross block of plant and machinery. The deferred revenue is being amortised over the life of the assets considering the benefits of grant to be over the life of the asset.
- g. **Re-measurement gains on defined benefit plans:** Under Ind AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognised in other comprehensive income instead of profit and loss in previous GAAP.
- h. **Excise duty:** Under previous GAAP, excise duty and certain sales related obligations had been netted off with income from sale of tyres, tubes and flaps, however under Ind AS, these items have been shown under expenses.
- i. **Deferred Tax:** Under Ind AS, deferred tax has been recalculated in respect of above changes and the deferred tax impact as at the transition date has been recognised in opening reserves and for the year ended March 31, 2017 and March 31, 2018 has been recognised in the Statement of profit and loss.

50. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Amendment to Ind AS 7 Statement of cashflows, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both change arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of the amendment did not have any material impact on the financial statements, accordingly, the reconciliation is not disclosed.

51. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have recommended a final dividend of ₹0.40 per share amounting to ₹5.41 crores on equity Shares of ₹1/- each for the year, subject to approval from shareholders. Dividend distribution tax on the same amounts to ₹1.10 crores.

52. Revenue of the Company for the period ended March 31, 2018 is net of Goods and Service Tax (GST) which is applicable to the Company from July 01, 2017, however, revenue for the period upto June 30, 2017 is net of Value added taxes but gross of excise duty. Accordingly, revenue for the period ended March 31, 2018 is not comparable with the previous year presented in these financial statements. Similarly expenses are also not comparable.
53. Previous year's figures have been regrouped / reclassified, where necessary, to confirm to this year's classification.
54. The financial statements for the year ended March 31, 2018 were authorised and approved for issue by the Board of Directors on May 25, 2018.

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

per **Ashish Gupta**
Partner

Rakesh Kumar Sharma
Chief Financial Officer

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

Amarjit Chopra
Director
(DIN:00043355)

Place : Gurugram
Date : May 25, 2018

B.M Jhamb
Company Secretary

Satish Sekhri
Director
(DIN: 00211478)

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2017-18

INDEPENDENT AUDITOR'S REPORT

To the Members of
Rico Auto Industries Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Rico Auto Industries Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its joint venture, which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated Profit and Loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its joint venture are responsible for the design, implementation and maintenance of internal control 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. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. 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.
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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated 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 consolidated state of affairs (consolidated financial position) of the Group and its joint venture as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

9. We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹267.55 crores (before elimination and other consolidation adjustments) and net assets of ₹175.05 crores (before elimination and other consolidation adjustments) as at March 31, 2018, total revenues of ₹335.20 crores (before elimination and other consolidation adjustments) and net cash inflows amounting to ₹3.24 crores (before elimination and other consolidation adjustments) for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹2.90 crores for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of the other auditors.

Further, of these subsidiaries and joint venture, one subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with

accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

10. The Holding Company had prepared separate sets of consolidated financial statements for the year ended March 31, 2017 and March 31, 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated May 26, 2017 and May 19, 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. As far they relate to the Holding Company and by other auditors, so far they relate to the entities audited by them. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and joint venture, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c. The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d. In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
 - e. On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and joint venture company covered under the Act, none of the directors of the group companies and its joint venture company covered under the Act, are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies and joint venture company covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed in Note 35 to the consolidated financial statements;
 - ii) The Group and its joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act;
 - iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 8, 2016 to December 30, 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

Place : Gurugram

Date : May 25, 2018

Annexure A

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

1. In conjunction with our audit of the consolidated financial statements of the Rico Auto Industries Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary companies and joint venture, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its joint venture, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR 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

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies and joint venture company, the Holding Company, its subsidiary companies and joint venture, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at March 31, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control in the Guidance Note issued by ICAI.

Other Matters

9. We did not audit the IFCoFR insofar as it relates to three subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹231.13 crores (before elimination and other consolidation adjustments) and net assets of ₹168.69 crores (before elimination and other consolidation adjustments) as at March 31, 2018, total revenues of ₹257.71 crores (before elimination and other consolidation adjustments) and net cash flows amounting to ₹1.25 crores (before elimination and other consolidation adjustments) for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹2.90 crores for the year ended March 31, 2018, in respect of one joint venture, which is a company covered under the Act, whose IFCoFR has not been audited by us. The IFCoFR in so far as it relates to such subsidiary companies and jointly venture have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary companies and joint venture, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and joint venture is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

Place : Gurugram

Date : May 25, 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(₹ in Crores)

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I. ASSETS				
1. NON-CURRENT ASSETS				
(a) Property, plant and equipment	5	451.86	427.96	382.66
(b) Capital work-in-progress	5	63.12	44.46	68.01
(c) Other intangible assets	5	0.21	—	—
(d) Investment accounted for using equity method	6	23.20	20.25	17.22
(c) Financial assets				
(i) Loans	7	65.45	69.75	64.22
(ii) Other financial assets	8	0.16	0.15	0.22
(f) Deferred tax assets	30B1	8.57	6.27	4.29
(g) Other non-current assets	9	23.53	28.02	21.24
Total non-current assets		636.10	596.86	557.86
2. CURRENT ASSETS				
(a) Inventories	10	128.93	110.36	117.91
(b) Financial assets				
(i) Investments	6	2.66	6.56	5.98
(ii) Trade receivables	11	228.62	165.42	136.88
(iii) Cash and cash equivalents	12	8.68	2.16	3.35
(iv) Bank balances other than (iii) above	13	2.90	2.99	2.16
(v) Loans	7	10.26	13.75	8.43
(vi) Other financial assets	8	6.80	6.05	7.68
(c) Other current assets	9	52.70	61.62	58.12
Total current assets		441.55	368.91	340.51
Total assets		1,077.65	965.77	898.37
II. EQUITY AND LIABILITIES				
1. EQUITY				
(a) Equity share capital	14	13.53	13.53	13.53
(b) Other equity	15	549.72	510.18	461.62
		563.25	523.71	475.15
(c) Non-controlling interests		3.36	3.16	3.13
Total equity		566.61	526.87	478.28
2. NON-CURRENT LIABILITIES				
(a) Financial liabilities				
(i) Borrowings	16	63.12	67.31	91.04
(b) Provisions	18	19.90	20.54	14.71
(c) Deferred tax liabilities (net)	30B2	11.82	13.71	13.52
(d) Other non-current liabilities	19	3.48	2.75	2.62
Total non-current liabilities		98.32	104.31	121.89
3. CURRENT LIABILITIES				
(a) Financial liabilities				
(i) Borrowings	16	135.03	114.51	85.71
(ii) Trade payables	20	158.01	128.93	122.41
(iii) Other financial liabilities	17	100.29	74.85	73.63
(b) Other current liabilities	19	16.46	12.03	14.91
(c) Provisions	18	0.41	0.39	1.54
(d) Current tax liabilities (net)	21	2.52	3.88	—
Total current liabilities		412.72	334.59	298.20
Total equity and liabilities		1,077.65	965.77	898.37

Summary of significant accounting policies and other explanatory information (1 to 53)
This is the Consolidated Balance Sheet referred to in our report of even date.

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

per **Ashish Gupta**
Partner

Rakesh Kumar Sharma
Chief Financial Officer

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

Amarjit Chopra
Director
(DIN:00043355)

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

Satish Sekhri
Director
(DIN: 00211478)

Place : Gurugram
Date : May 25, 2018

B.M Jhamb
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Crores)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
REVENUE:			
Revenue from operations	22	1,229.63	1,113.87
Other income	23	16.16	13.32
Total revenue		1,245.79	1,127.19
EXPENSES:			
(a) Cost of material consumed	24	615.26	520.91
(b) Purchase of stock-in-trade		-	3.89
(c) Changes in inventories of finished goods, stock-in-trade and work in progress	25	8.73	(5.68)
(d) Excise duty		20.32	75.94
(f) Employee benefit expense	26	145.64	136.27
(g) Finance costs	27	18.74	16.71
(h) Depreciation and amortisation expense	5	53.90	46.29
(i) Other expenses	28	308.56	271.17
Total expenses		1,171.15	1,065.50
Profit before share of profit of joint venture, exceptional items and tax		74.64	61.69
Share of profit of joint venture		2.90	3.04
Profit before exceptional items and tax		77.54	64.73
Exceptional items	29	7.43	1.36
Profit before tax		70.11	63.37
Tax expenses:	30		
Current tax		16.06	12.89
Deferred tax		(3.95)	(1.17)
Income tax expense		12.11	11.72
Profit after tax		58.00	51.65
Other comprehensive income			
A. Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit obligations		(0.53)	(1.84)
Share of other comprehensive income in Joint venture*		0.06	0.00
Income tax expense		0.14	0.62
B. Items that will be reclassified to profit and loss			
Exchange differences on translation of foreign operations		0.90	(1.36)
Net other comprehensive income/(loss) for the year		0.57	(2.58)
Total comprehensive income for the period		58.57	49.07
Net profit attributable to:			
Owners of the Company		57.80	51.60
Non controlling interest		0.20	0.05
Other comprehensive income attributable to:			
Owners of the Company		0.57	(2.56)
Non controlling interest*		(0.00)	(0.02)
Total comprehensive income attributable to:			
Owners of the Company		58.37	49.04
Non controlling interest		0.20	0.03
Earnings per share			
Basic and Diluted (nominal value per share ₹1)	31	4.27	3.81

*Amounts have been rounded off to zero

Summary of significant accounting policies and other explanatory information (1 to 53)

This is the consolidated statement of Profit and Loss referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountantsper Ashish Gupta
PartnerRakesh Kumar Sharma
Chief Financial OfficerFor and on behalf of the Board of Directors of
Rico Auto Industries LimitedAmarjit Chopra
Director
(DIN:00043355)Arvind Kapur
Chairman, CEO
& Managing Director
(DIN: 00096308)Place : Gurugram
Date : May 25, 2018B.M Jhamb
Company SecretarySatish Sekhri
Director
(DIN: 00211478)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

	No. of Shares	Amount
Balance as at April 01, 2016	135,285,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2017	135,285,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2018	135,285,000	13.53

B. Other Equity

(₹ in Crores)

	Other equity pertaining to owners of the parent company								
	Capital reserve*	Capital redemption reserve	Securities premium reserve	Foreign currency monetary translation difference account (FCMITDA)	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling Interest
Balance as at April 01, 2016	0.00	2.00	145.04	(0.77)	99.70	1.89	213.76	461.62	3.13
Net profit for the year	—	—	—	—	—	—	51.60	51.60	0.05
Other comprehensive income for the year (net of taxes)	—	—	—	—	—	(1.36)	(1.20)	(2.56)	(0.02)
Total comprehensive income for the year	—	—	—	—	—	(1.36)	50.40	49.04	0.03
Dividend on equity shares	—	—	—	—	—	—	(1.35)	(1.35)	—
Tax on dividend	—	—	—	—	—	—	(0.28)	(0.28)	—
Exchange difference accumulated during the year	—	—	—	0.69	—	—	—	0.69	—
Exchange difference amortised during the year	—	—	—	0.46	—	—	—	0.46	—
Balance as at March 31, 2017	0.00	2.00	145.04	0.38	99.70	0.53	262.53	510.18	3.16
Net profit for the year	—	—	—	—	—	—	57.80	57.80	0.20
Other comprehensive income for the year (net of taxes)*	—	—	—	—	—	0.90	(0.33)	0.57	0.00
Total comprehensive income for the year	—	—	—	—	—	0.90	57.47	58.37	0.20
Dividend on equity shares	—	—	—	—	—	—	(10.15)	(10.15)	—
Tax on dividend	—	—	—	—	—	—	(2.07)	(2.07)	—
Interim dividend on equity shares	—	—	—	—	—	—	(5.41)	(5.41)	—
Tax on interim dividend	—	—	—	—	—	—	(1.10)	(1.10)	—
Exchange difference accumulated during the year	—	—	—	0.68	—	—	—	0.68	—
Exchange difference amortised during the year	—	—	—	(0.77)	—	—	—	(0.77)	—
Balance as at March 31, 2018	0.00	2.00	145.04	0.29	99.70	1.43	301.27	549.72	3.36

* Amounts have been rounded off to zero

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

For Walker Chandio & Co LLP
Chartered Accountantsper Ashish Gupta
PartnerRakesh Kumar Sharma
Chief Financial OfficerFor and on behalf of the Board of Directors of
Rico Auto Industries LimitedAmarjit Chopra
Director
(DIN:00043355)Satish Sekhri
Director
(DIN: 00211478)Arvind Kapur
Chairman, CEO
& Managing Director
(DIN: 00096308)Place : Gurugram
Date : May 25, 2018B.M Jhamb
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Crores)

	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities		
Net profit before tax and Minority Interest	70.11	63.37
Adjustments for:		
Depreciation and amortisation	53.90	46.29
Gain on mark to market valuation of mutual funds	(0.22)	(0.57)
Profit from joint venture, Magna Rico	(2.90)	(3.04)
Profit on sale of assets	(0.44)	(0.73)
Finance cost	18.74	16.71
Unrealised exchange (net)	(3.09)	0.85
Unwinding of deferred revenue	(0.06)	(0.03)
Interest income	(8.15)	(8.17)
Operating profit before working capital changes	127.89	114.69
Adjustments for:		
(Increase) in trade receivables	(60.11)	(29.39)
Decrease/(Increase) in loans and other financial assets	7.34	(9.58)
Decrease/(Increase) in other assets	8.82	(4.56)
(Increase) / Decrease in inventories	(18.57)	7.55
Increase in trade payables	29.09	6.50
Increase/(Decrease) in other financial liabilities	3.38	(1.96)
Increase in other liabilities and provisions	4.32	0.70
	102.16	83.95
Less: Direct taxes paid (net of refunds)	(16.53)	(8.80)
Net cash generated from operating activities	85.63	75.15
B. Cash flow from investing activities		
Purchase of fixed assets/ addition to capital work in progress	(97.25)	(70.29)
Proceeds from sale of fixed assets	2.35	2.43
Movement in capital advance	3.61	(6.74)
Investment in fixed deposits	0.41	(1.00)
Sale of investments	4.12	-
Interest received	7.82	8.87
Net cash used in investing activities	(78.94)	(66.73)
C. Cash flow from financing activities		
Proceeds from non current borrowings	69.29	105.28
Repayment of non current borrowings	(53.94)	(123.73)
Proceeds from current borrowings, net	20.52	28.77
Dividend paid (including corporate dividend tax)	(18.73)	(1.63)
Interest paid	(18.22)	(16.94)
Net cash used in financing activities	(1.08)	(8.25)
Net increase in cash and cash equivalents	5.61	0.17
Effect of foreign currency fluctuation arising out of consolidation	0.91	(1.36)
Cash and cash equivalents at the beginning of the year	2.16	3.35
Cash and cash equivalents at the close of the year	8.68	2.16

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

For Walker Chandio & Co LLP
Chartered Accountantsper Ashish Gupta
PartnerRakesh Kumar Sharma
Chief Financial OfficerPlace : Gurugram
Date : May 25, 2018B.M Jhamb
Company SecretaryFor and on behalf of the Board of Directors of
Rico Auto Industries LimitedAmarjit Chopra
Director
(DIN:00043355)Satish Sekhri
Director
(DIN: 00211478)Arvind Kapur
Chairman, CEO
& Managing Director
(DIN: 00096308)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018

1. CORPORATE INFORMATION

Rico Auto Industries Limited (the "Company") the ultimate holding Company with its subsidiaries and a joint venture (together referred to as the "Group") supplies a broad range of high-precision fully machined aluminum and ferrous components and assemblies to Original Equipment Manufacturers across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and research and development across aluminium and ferrous products. The Group is in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 via notification dated March 28, 2018 to further amend Companies (Indian Accounting Standards) Rules, 2015, notifying a new revenue recognition standard Ind AS 115, 'Revenue from Contracts with Customers'. This amendment replaces Ind AS 18, 'Revenue' and Ind AS 11, 'Construction Contracts'. An insertion to Appendix B, 'Foreign currency transaction and advance consideration' to Ind AS 21, 'The effect of change in exchange rates' has also been notified. The amendments are applicable to the Group from April 01, 2018.

Ind AS 115: "Revenue from Contracts with Customers"

IND AS 115 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- a) Identify the contract(s) with the customer;
- b) Identify the performance obligations in the contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to the performance obligations in the contracts;
- e) Recognise revenue when (or as) the entity satisfies a performance obligation.

Insertion of Appendix B to Ind AS 21: "The effect of changes in foreign exchange rates"

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after:

- (i) The beginning of the reporting period in which the entity first applies the interpretation or
- (ii) The beginning of a prior reporting period presented as comparative information in the consolidated financial statements of the reporting period in which the entity first applies the interpretation.

The Group has evaluated the requirements of the amendments and do not consider the impact on the consolidated financial statements to be material.

3. BASIS OF PREPARATION, CONSOLIDATION PROCEDURES AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation and presentation

i) Compliance with Ind AS

In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under section 133 of the Companies Act, 2013 ("the act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the act with effect from April 01, 2016.

These are the Group's first Ind AS consolidated financial statements. The date of transition to Ind AS is April 01, 2016. The mandatory exceptions and optional exemptions availed by the Group on First-time adoption have been detailed in Note 48.

Up to the year ended March 31, 2017, the Group had prepared the consolidated financial statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles applicable in India, and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 ("Act"), read with the Companies (Accounts) Rules, 2014 ('Previous GAAP').

On adoption of Ind AS by the group, the group has adopted Ind AS and accordingly the previous year figures in the consolidated financial statements have been restated in compliance to Ind AS and in accordance with Ind AS 101-"First Time adoption of Indian Accounting Standards" (Ind AS 101), the Group has presented a reconciliation of other equity under previous GAAP and Ind AS as at March 31, 2017, and April 01, 2016 and of the cash flow statement, profit after tax as per previous GAAP and total comprehensive income under Ind AS for the year ended March 31, 2017.

ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency.

iii) Going concern and basis measurement

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

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

3.2 Basis of consolidation

- **Subsidiary**

Subsidiary is the entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group combines the financial statements of the holding company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses.

- **Equity accounted investees**

The Group's interests in equity accounted investees comprise interests in joint venture.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of Profit and Loss and Other Comprehensive Income (OCI) of equity-accounted investees until the date on which significant influence or joint control ceases.

- **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Significant accounting policies

- i) **Revenue recognition**

Revenue from sale of goods

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership of the goods to the buyer which generally coincides with the delivery of goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods is measured at the fair value consideration received or receivable. Amount disclosed as revenue are inclusive of goods and service tax and net of returns, trade discounts, rebates, value added taxes, goods and service tax, wherever applicable.

Revenue from sale of services

Revenue from services provided is recognised upon rendering of the services, in accordance with the agreed terms with the customers where ultimate collection of the revenue is reasonably expected.

Interest income

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

Rental income

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

Dividend income

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

ii) Government grants, subsidies and export incentives

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

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

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

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

iii) Property, plant and equipment

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

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

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

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

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

iv) Intangible assets

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

On transition to Ind AS, the Group has elected to continue with the carrying value of its intangible assets recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of these intangible assets.

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

v) Depreciation and amortisation

Depreciation on building and plant and machinery is provided on the straight-line method, computed on the basis of useful life, on a pro-rata basis from the date the asset is ready to put to use 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 based on the technical estimate and history of usage.

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

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

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

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

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

vi) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

a) Financial instruments

Recognition and initial measurement

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

Subsequent measurement

Financial assets

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

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

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

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

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

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

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

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

De-recognition of financial assets

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

Financial liabilities

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

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

Impairment of financial assets

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

vii) Derivative financial instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

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

viii) Inventories

Inventories are valued as follows:

Raw materials, stores and spares

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

Work in progress

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

Finished goods

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods includes excise duty (upto June 30, 2018).

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

ix) Business Combination

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

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

x) Employee benefits

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

a. Provident fund and Employee State Insurance scheme

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

b. Gratuity

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

c. Compensated absences

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

xi) Research and development expenses

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

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

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

xii) Borrowings costs

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

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

xiii) Foreign currency transactions

Initial recognition

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

Subsequent recognition

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

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

Exchange differences

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

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

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

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

xiv) Taxation

Tax expense recognized in statement of Profit and Loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

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

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

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

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

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

xv) Leases

The Group as a lease

a) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed or the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

b) Finance leases

Assets acquired on lease where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised 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 the Statement of Profit and Loss on accrual basis.

xvi) Provisions and contingencies

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

xvii) Earnings per share

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

xviii) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

xix) Cash and cash equivalents

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

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

xx) Rounding off amounts

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

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- reasonability of deferred tax assets;
- provision and contingent liabilities;
- carrying values of inventories; and
- functional currency assessments.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

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

A. Property Plant and Equipment

Particulars	Gross block					Accumulated depreciation			Net block	
	As at April 01, 2017	Additions during the year	Disposals during the year	Exchange differences	As at March 31, 2018	As at April 01, 2017	Charge for the year	Adjustment upon deletion	As at March 31, 2018	As at March 31, 2017
Land										
(a) Freehold	25.64	10.69	-	-	36.33	-	-	-	-	36.33
(b) Leasehold	19.00	0.53	-	-	19.53	0.19	0.19	-	0.38	19.15
Buildings	97.41	10.19	-	-	107.60	3.57	4.03	-	7.60	100.00
Furniture and fixtures	0.65	1.14	0.04	-	1.75	0.14	0.16	0.01	0.29	1.46
Plant and machinery	298.34	44.90	2.35	(0.25)	340.64	35.99	39.80	0.58	75.21	265.44
Dies and moulds	19.71	7.30	0.23	-	26.78	3.49	5.47	0.06	8.90	17.88
Vehicles	10.64	2.96	0.27	-	13.33	2.13	3.10	0.10	5.13	8.19
Office equipment	2.60	2.40	0.03	-	4.97	0.53	1.05	0.01	1.57	3.41
Total Property plant and equipment	473.99	80.11	2.92	(0.25)	550.93	46.04	53.80	0.76	99.08	451.86
Particulars	As at April 01, 2016	Additions during the year	Disposals during the year	Exchange differences	As at March 31, 2017	As at April 01, 2016	Charge for the year	Adjustment upon deletion	As at March 31, 2017	As at April 01, 2016
Land										
(a) Freehold	24.65	0.99	-	-	25.64	-	-	-	-	25.64
(b) Leasehold	18.97	0.03	-	-	19.00	-	0.19	-	0.19	18.81
Buildings	83.99	13.42	-	-	97.41	-	3.57	-	3.57	93.84
Furniture and fixtures	0.51	0.14	-	-	0.65	-	0.14	-	0.14	0.50
Plant and machinery	232.06	68.81	1.67	(0.86)	298.34	-	36.13	0.14	35.99	262.36
Dies and moulds	15.43	4.28	-	-	19.71	-	3.49	-	3.49	16.22
Vehicles	5.48	5.49	0.33	-	10.64	-	2.24	0.11	2.13	8.51
Office equipment	1.57	1.05	0.01	(0.01)	2.60	-	0.53	-	0.53	2.08
Total Property plant and equipment	382.66	94.21	2.01	(0.87)	473.99	-	46.29	0.25	46.04	427.96

₹ in Crores

(₹ in Crores)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

B. Intangible Assets

Particulars	Gross block			Accumulated depreciation		Net block
	As at April 01, 2017	Additions	Disposals	Exchange differences	As at March 31, 2018	As at March 31, 2018
Software	-	0.31	-	-	0.31	0.21
Particulars	As at April 01, 2016	Additions	Disposals	Exchange differences	As at March 31, 2017	As at April 01, 2016
Software	-	-	-	-	-	-

The net block as of March 31, 2016 was elected as the deemed cost referred note 49.

C. Capital Work in Progress

	Amount
Capital work-in-progress as at March 31, 2018	63.12
Capital work-in-progress as at March 31, 2017	44.46
Capital work-in-progress as at April 01, 2016	68.01

D. Borrowing costs capitalised / transferred to capital work in progress during the year is ₹1.47 Crores (previous year ₹0.46 Crore) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, i.e., 7.20% (Previous year 7.01%).

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
6. INVESTMENTS			
Non current			
A. Investments accounted for using equity method			
Investment in joint venture (carrying amount determined using equity method of accounting) - unquoted			
Magna Rico Powertrain Private Limited	23.20	20.25	17.22
21,120,000 equity Shares of ₹10 each (March 31, 2017: 21,120,000 equity shares of ₹10 each, April 01, 2016: 21,120,000 equity shares of ₹10 each)	23.20	20.25	17.22
Current			
B. Investment carried at fair value through profit and loss (FVTPL)-quoted			
Investment in mutual fund			
1,983,832 units of BOI Axa Corporate Credit Spectrum Fund- Direct growth @ NAV of ₹13.39 per unit (March 31, 2017 : 1,983,832 units at ₹12.29 per unit, April 01, 2016 : 1,983,832 units at ₹11.04 per unit)	2.66	2.44	2.19
Nil units of SBI Saving Fund- Daily growth (March 31, 2017 : 1,137,631 units at ₹25.95 per unit, April 01, 2016 : 1,137,631 units at ₹21.99 per unit)	—	2.95	2.72
Nil units of SBI Saving fund- regular growth (March 31, 2017 : 459,460 units at ₹25.34 per unit, April 01, 2016 : 459,460 units at ₹21.76 per unit)	—	1.17	1.07
	2.66	6.56	5.98
Aggregate amount of un-quoted investment at cost (non-current)	23.20	20.25	17.22
Aggregate amount of quoted investment at cost (current)	2.00	5.50	5.50
Aggregate amount of quoted investment at fair value (current)	2.66	6.56	5.98
7. LOANS			
(Unsecured, considered good)			
Non current			
Loan to related parties (refer note 41)	60.41	59.70	59.31
Security deposits	5.04	10.05	4.92
	65.45	69.75	64.22
Current			
Inter corporate deposits*	3.77	1.90	6.75
Security deposits	5.15	0.38	0.38
Loans to employees	1.34	1.37	1.30
Other loans	—	10.10	—
	10.26	13.75	8.43
*Given for business purpose.			
8. OTHER FINANCIAL ASSETS			
(Unsecured, considered good)			
Non-current			
Loans to employees	0.02	—	—
Bank deposits with maturity of more than 12 months	0.14	0.15	0.22
	0.16	0.15	0.22
Current			
Loans and advances to employee			
Interest accrued on electricity security deposit	0.38	1.16	0.10
Interest receivable	1.10	—	2.36
Unbilled revenue*	3.67	0.27	0.00
Insurance claim receivable	0.95	0.88	—
Others	0.70	3.74	5.22
	6.80	6.05	7.68

*Amounts have been rounded off to zero.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
9. OTHER ASSETS			
(Unsecured, considered good)			
Non-current			
Capital advances	15.07	18.68	12.06
(Includes advances to related parties Nil, March 31, 2017 : ₹9.72 crores, April 01, 2016 : ₹9.72 crores, refer note 41)			
Income tax receivable (net of provisions of 0.10 crores, March 31, 2017 : ₹ Nil, April 01, 2016 : ₹7.64 crores)	8.26	9.25	8.82
Prepaid expenses	0.20	0.09	0.36
Others*	—	—	0.00
	<u>23.53</u>	<u>28.02</u>	<u>21.24</u>
Current			
Advance to suppliers	17.46	7.20	7.38
(Includes advances to related parties: ₹8.09 crores, March 31, 2017 : ₹Nil, April 01, 2016 : ₹Nil, refer note 41)			
Prepaid expenses	4.37	3.99	2.51
Balance with statutory/government authorities	16.74	40.08	43.50
Export incentive receivable	5.69	6.44	1.30
Others	8.44	3.91	3.43
	<u>52.70</u>	<u>61.62</u>	<u>58.12</u>
* Amount has been rounded off to zero			
10. INVENTORIES			
(valued at lower of cost or net realisable value)			
Stores and spares	35.12	33.48	36.71
Raw material and components	29.85	14.61	15.41
Goods-in-transit - components	26.14	15.72	24.92
Work-in-progress	12.43	19.32	21.65
Finished goods	25.39	27.23	19.22
	<u>128.93</u>	<u>110.36</u>	<u>117.91</u>
11. TRADE RECEIVABLES			
Unsecured, considered good	228.62	165.42	136.88
Unsecured, considered doubtful	—	0.72	0.72
	<u>228.62</u>	<u>166.14</u>	<u>137.60</u>
Less : Provision for doubtful receivables	—	(0.72)	(0.72)
	<u>228.62</u>	<u>165.42</u>	<u>136.88</u>
12. CASH AND CASH EQUIVALENTS			
Balances with banks			
In current accounts	7.29	2.05	2.25
In deposit accounts	—	—	0.76
Cheques in hand	1.16	—	—
Cash on hand	0.23	0.11	0.34
	<u>8.68</u>	<u>2.16</u>	<u>3.35</u>
13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Unpaid dividend accounts**	1.29	0.96	1.20
Bank deposits with maturity of more than 3 months and less than 12 months*	1.61	2.03	0.96
	<u>2.90</u>	<u>2.99</u>	<u>2.16</u>

*Pledged with bank for issuing letter of credit.

**These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note 17.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

14. EQUITY SHARE CAPITAL

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a. Authorised			
490,000,000 equity shares of ₹1/- each #	49.00	25.00	25.00
(March 31, 2017: 250,000,000 equity shares of ₹1/- each, April 01, 2016: 250,000,000 equity shares of ₹1/- each)			
5,000,000 redeemable preference shares of ₹10/- each	5.00	5.00	5.00
(March 31, 2017: 5,000,000 redeemable preference shares of ₹10/- each, April 01, 2016: 5,000,000 redeemable preference shares of ₹10/- each)			
	<u>54.00</u>	<u>30.00</u>	<u>30.00</u>
# includes ₹240,000,000 pertaining to Uttarakhand Automotive Limited			
b. Issued, subscribed and paid-up			
135,285,000 equity shares of ₹1/- each fully paid up	13.53	13.53	13.53
(March 31, 2017: 135,285,000 equity shares of ₹1/- each, April 01, 2016: 135,285,000 equity shares of ₹1/- each)			
	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>

c. Reconciliation of number of equity shares outstanding

	Year ended March 31, 2018		Year ended March 31, 2017	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	13.53	135,285,000	13.53	135,285,000
Movement during the year	-	-	-	-
Outstanding at the end of the year	<u>13.53</u>	<u>135,285,000</u>	<u>13.53</u>	<u>135,285,000</u>

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

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

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

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

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
Name of shareholder	% of holding	No of shares	% of holding	No of shares	% of holding	No of shares
Kapsons Associates Investment Private Limited	15.40	20,838,321	15.40	20,838,321	28.77	38,917,050
Arvind Kapur	9.35	12,652,460	9.35	12,652,460	9.35	12,652,460
Arun Kapur	6.39	8,651,160	6.39	8,651,160	6.39	8,651,160
Meraki Manufacturing and Finvest Advisors Private Limited	8.72	11,790,841	8.72	11,790,841	-	-
Higain Investments Private Limited	5.60	7,570,628	5.60	7,570,628	0.02	26,640

The above information is furnished as per the shareholders register as on March 31, 2018.

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
15. OTHER EQUITY			
Capital reserve*	0.00	0.00	0.00
Capital redemption reserve	2.00	2.00	2.00
Securities premium	145.04	145.04	145.04
Foreign currency monetary item translation difference	0.29	0.38	(0.77)
Foreign currency translation reserve	1.42	0.53	1.89
General reserve	99.70	99.70	99.70
Retained earnings	301.27	262.53	213.76
	<u>549.72</u>	<u>510.18</u>	<u>461.62</u>

Reconciliation of Reserves

	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Capital reserve		
Opening balance*	0.00	0.00
Add : Additions during the year	—	—
Less : Utilised/ transferred during the year	—	—
Closing balance*	<u>0.00</u>	<u>0.00</u>
Capital redemption reserve		
Opening balance	2.00	2.00
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing balance	<u>2.00</u>	<u>2.00</u>
Securities premium		
Opening balance	145.04	145.04
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing balance	<u>145.04</u>	<u>145.04</u>
Foreign currency monetary item translation difference		
Opening balance	0.38	(0.77)
Add : Exchange differences accumulated during the year	0.68	0.69
Less : Exchange differences amortised during the year	(0.77)	0.46
Closing balance	<u>0.29</u>	<u>0.38</u>
Foreign currency translation reserve		
Opening balance	0.53	1.89
Movement during the year	0.90	(1.36)
Closing balance	<u>1.43</u>	<u>0.53</u>
General reserve		
Opening balance	99.70	99.70
Add: Transferred from Statement of profit and loss	—	—
Closing balance	<u>99.70</u>	<u>99.70</u>
Surplus in profit and loss account		
Opening balance	262.53	213.76
Add : Profit transferred from Statement of profit and loss	57.80	51.60
Less: Other comprehensive income	(0.33)	(1.20)
Less : Final dividend on equity shares**	(10.15)	(1.35)
Less : Tax on dividend dividend**	(2.07)	(0.28)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Less : Interim dividend on equity shares***	(5.41)	–
Less : Tax on interim dividend***	(1.10)	–
Net surplus as per statement of Profit and Loss	301.27	262.53
	549.72	510.18

* Amounts have been rounded off to zero

** Pertains to year ended March 31, 2017

*** During the year ended March 31, 2018 the Company has paid an interim dividend of ₹0.40 (previous year: Nil) per equity share of ₹1/- each amounting to ₹5.41 crores (previous year: Nil). The tax on the same amounts to ₹1.10 crores (previous year: Nil).

Description of reserves

a. Capital reserve

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

b. Capital redemption reserve

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

c. Securities premium reserve

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

e. Foreign currency monetary item translation difference

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

f. General reserve

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

g. Foreign currency translation reserve

Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at date of the balance sheet. Revenue and expenses are translated into INR at the average exchange rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to foreign currency translation reserve account.

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
16. BORROWINGS			
Non-current			
Secured*			
Term loan			
From banks			
Foreign currency loan	68.79	87.71	107.47
Rupee loan	64.04	28.01	29.82
Vehicle loans			
From financial institution	3.71	4.69	1.59
From banks	0.36	0.55	0.27
	136.90	120.96	139.14
Unsecured			
Term loan			
Rupee loan^	–	0.29	1.45
	136.90	121.25	140.59
Less: Current maturities of non-current borrowings (refer note 17)	73.78	53.94	49.55
	63.12	67.31	91.04
Current (secured)**			
Working capital loans from banks:			
Foreign currency loans	25.59	72.97	74.59
Rupee loans	109.44	41.54	11.12
	135.03	114.51	85.71

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

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

^Amount in previous years represents rupee term loans taken from Tata Capital Limited as a part of facilitation agreement, which carried a interest @10.50% per annum for the year ended March 31, 2017 (April 01, 2016: 13.50%) and was repayable in 60 equal monthly instalments after a moratorium of 12 months and was secured by personal guarantee of Managing Director of the Group.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

A. Security details- non-current secured loans

(₹ in Crores)			
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1. Foreign currency term loan from Export Import bank of India carries interest @ 6 months Libor+5.00% per annum (previous year 6 months Libor + 5.00% per annum) and is repayable in 20 equal quarterly instalments after moratorium of 8 quarters The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram. This loan has been fully repaid on December 01, 2017.	–	1.94	4.63
2. Rupee term loan from Export Import bank of India carries interest @ Base rate + 2.00% per annum Based on-current spread, the current interest rate ranges from 11.00% per annum 11.25% per annum (previous year 11.45% per annum to 11.70% per annum) and the loan is repayable in 20 equal quarterly instalments after a moratorium of 8 quarters The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram. This loan has been fully repaid on December 01, 2017.	–	3.16	10.05
3. Rupee term loan from Syndicate Bank carries rate interest range from 12.10% per annum to 12.20% per annum (Previous year interest rate ranges from 12.20% per annum to 12.75% per annum) and is repayable in 14 equal quarterly instalments after a moratorium of 6 quarters The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram. Additionally loan is, secured by land & buildings at Plot No.23, Sector 5, HSIIDC Phase II, GC Bawal (Haryana) and land & buildings at Plot No. 01 & 02, Industrial Park 4, Begumpur, Haridwar, Uttarakhand. The loan is also secured by way of personal guarantee of Managing Director and Joint Managing Director of the Company. This loan has been fully repaid on September 30, 2016.	–	–	19.88
4. Foreign currency term loan from Yes Bank Limited carries interest @ 3 months Libor+ 3.75% per annum (previous year 3 months Libor+ 3.75% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	13.03	20.35	26.46
5. Foreign currency term loan from Yes Bank Limited carries interest @ 6 months Libor+ 3.85 % per annum (previous year 6 months Libor+ 3.85% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	2.44	3.82	4.96
6. Foreign currency term loan from Kotak Mahindra Bank Limited carries interest @ 6 months Libor+ 3.50 % per annum (previous year 6 months Libor+ 3.50% to 3.85% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 4 quarters The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the certain immovable properties of the Company situated at Dharuhera and Gurugram. This is additionally secured by personal guarantee of Managing Director and Joint Managing Director of the Company. Personal Guarantee got released on September 12, 2017.	12.22	16.71	19.38

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
7. Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 9.55% to 9.75% per annum (previous year 9.75% to 10.50% per annum) and is repayable in 3 equal quarterly instalments starting December 2018. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram. This is additionally secured by personal guarantee of Managing Director and Joint Managing Director of the Company. Personal Guarantee got released on September 12, 2017.	19.98	19.90	—
8. Foreign currency term loan from RBL Bank Limited carries interest @ 3 months Libor+ 3.85 % per annum (previous year 3 months Libor+ 3.85% per annum) and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	12.55	22.38	32.99
9. Rupee term loan from RBL Bank Limited carries interest @ 9.70% to 10.00 % per annum (previous year 10.00% per annum) and is repayable in 14 equal quarterly instalments starting June 2017. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	3.57	5.00	—
10. Rupee term loan from Yes Bank Limited carries interest @ 9.05 % per annum and is repayable in 16 equal quarterly instalments starting March 2019. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	30.00	—	—
11. Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 35-60 carrying interest @ 8.15% per annum to 11.05% per annum (Previous year 8.15% per annum to 11.05% per annum).	3.65	4.74	1.86
12. Buyer's credit facility from State Bank of India (earlier State Bank of Patiala) is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable at 12 months carrying interest @ Libor + 0.35% to 1.25% (Previous year Libor + 0.35% to 1.25%).	7.35	8.15	6.62
13. Buyer's credit facility from Indusind Bank Limited (taken over from Axis Bank Limited) are secured by exclusive charge on immovable properties (land & building) of the Company situated at Chennai and machinery imported under this facility and are repayable at 12 months carrying interest @ Libor + 0.20% to 0.45% (Previous year Libor + 0.20% to 0.25%).	18.62	14.31	12.32
14. Buyer's credit facility from Yes Bank Limited is secured under working capital security i.e. First pari-passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future) and by exclusive charge on the machinery imported availing the said facility and are repayable at 12 months carrying interest @ Libor + 0.50%.	2.58	—	—
15. Rupee term loan from RBL Bank carries Interest @ 9.30% per annum and is repayable in 14 equal quarterly instalments after moratorium of 2 quarters. Loan is secured against entire fixed assets present and future of the subsidiary Company namely Rico Aluminium and Ferrous Auto Components Limited and Letter of comfort issued by Rico Auto Industries Ltd. (Ultimate Holding Co.).	10.49	—	—
	136.90	120.96	139.14

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

B. Security Details – Current Secured Loans

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1. Working capital loans/facilities are secured against first pari-passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	102.12	36.94	9.15
2. Packing credit facility from Kotak Mahindra Bank Limited is secured against first pari-passu charge on all the current assets of the Company (both present and future).	20.73	43.73	38.50
3. Packing credit facility from Yes Bank Limited is secured against first pari passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock in process, finished goods, stores, consumables and receivables.	4.86	19.49	21.53
4. Working capital loan from bank carried interest @ base rate+3.5 % per annum and was repayable on demand. This facility was 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 subsidiary Company namely RASA autocom limited. The loan has been repaid in the previous year.	–	–	0.74
5. Working capital limit is taken from Axis bank limited and is secured by exclusive charge by way of hypothecation of current assets, both present and future, and second charge on movable fixed assets, both present and future and immovable properties of the subsidiary company, namely, Rico Jinfei Wheels Limited, viz. Land admeasuring 20475 sq. mtrs., situated at Plot No. 22, Sector 5, Phase II, G.C Bawal, Haryana.	4.51	4.60	1.24
6. This packing credit facility from IDBI Bank Limited was secured against first pari passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock in process, finished goods, stores, consumables and receivables.	–	9.75	14.55
7. Working capital limit is taken from RBL Bank Limited and is secured by exclusive charge on entire current assets, both present & future of the subsidiary Company namely Rico Aluminium and Ferrous Auto Components Limited and Letter of comfort issued by Rico Auto Industries Ltd.	2.81	–	–
	135.03	114.51	85.71
Note: Aggregate amount of borrowings guaranteed by Directors are Nil (March 31, 2017: ₹37.29 crores; April 01, 2016: 39.26 crores)			
17. OTHER FINANCIAL LIABILITIES			
Current			
Current maturities of long-term debts (refer note 16 for security and repayment details)			
Secured			
Foreign currency loans	53.02	48.01	40.98
Rupee loans	20.76	5.64	7.40
Unsecured			
Rupee loans	–	0.29	1.17
Derivative liability measured at fair value (refer note 32)	0.32	–	–
Interest accrued but not due on borrowings	0.68	0.37	0.38
Unclaimed dividends	1.29	0.96	1.20
Security deposit	1.70	1.20	0.89
Payable for capital purchases	5.17	3.60	4.29
Employee benefit payable	17.32	14.51	13.42
Other liabilities	0.03	0.25	3.90
	100.29	74.85	73.63

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

(₹ in Crores)			
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
18. PROVISIONS			
Non current			
Provision for gratuity (refer note 38)	15.76	15.91	12.50
Provision for compensated absences	4.14	4.63	2.21
	<u>19.90</u>	<u>20.54</u>	<u>14.71</u>
Current			
Provision for gratuity (refer note 38)	0.27	0.25	1.36
Provision for compensated absences	0.14	0.14	0.18
	<u>0.41</u>	<u>0.39</u>	<u>1.54</u>
19. OTHER LIABILITIES			
Non current			
Security deposits	2.34	1.55	1.39
Deferred revenue	1.14	1.20	1.23
	<u>3.48</u>	<u>2.75</u>	<u>2.62</u>
Current			
Statutory liabilities	9.27	4.73	4.10
Security deposits	0.57	0.94	1.08
Advances from customers	6.55	6.29	9.67
Deferred revenue	0.07	0.07	0.06
	<u>16.46</u>	<u>12.03</u>	<u>14.91</u>
20. TRADE PAYABLES			
Payable to micro enterprises and small enterprises (refer note 36)	22.87	9.73	7.63
Payables to other than micro enterprises and small enterprises			
Acceptances	–	12.96	12.26
Other than acceptances	133.95	104.66	101.55
Due to related parties (refer note 41)	1.19	1.58	0.97
	<u>158.01</u>	<u>128.93</u>	<u>122.41</u>
21. CURRENT TAX LIABILITIES (NET)			
Provision for income tax (net of advance tax ₹13.54 crores, March 31, 2017: ₹ 7.66 crores, April 01, 2016: Nil)	2.52	3.88	–
	<u>2.52</u>	<u>3.88</u>	<u>–</u>
		Year ended March 31, 2018	Year ended March 31, 2017
22. REVENUE FROM OPERATIONS			
Sale of products		1,200.89	1,075.78
Sale of services			
Job work income		0.30	0.63
Other operating revenues			
Scrap sales		12.09	16.76
Duty draw back and other incentives		15.54	20.27
Others		0.81	0.43
		<u>1,229.63</u>	<u>1,113.87</u>
23. OTHER INCOME			
Interest income		8.15	8.17
Exchange rate fluctuation (net)		3.93	2.31
Rental income from operating lease		0.79	0.16
Gain on fair value change in investments		0.22	0.57
Unwinding of deferred revenue		0.06	0.03
Miscellaneous income		3.01	2.08
		<u>16.16</u>	<u>13.32</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

		(₹ in Crores)
	Year ended March 31, 2018	Year ended March 31, 2017
24. COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	14.61	15.41
Add : Purchases during the year	630.50	520.11
Less : Closing stock	29.85	14.61
Raw material and components consumed	615.26	520.91
25. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	19.32	21.65
Closing stock	12.43	19.32
	6.89	2.33
(b) Finished goods		
Opening stock	27.23	19.22
Closing stock	25.39	27.23
	1.84	(8.01)
	8.73	(5.68)
26. EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	127.58	117.79
Contribution to provident and other funds (refer note 38)	11.32	12.48
Staff welfare expenses	6.74	6.00
	145.64	136.27
27. FINANCE COSTS		
Interest expenses on :		
Borrowings	16.20	14.16
Trade payables	—	0.02
Exchange differences regarded as an adjustment to borrowing costs	0.41	—
Other borrowing costs	2.13	2.53
	18.74	16.71
28. OTHER EXPENSES		
Consumption of stores and spares	70.25	60.07
Power and fuel	104.61	94.29
Sub contracting expenses	56.87	51.95
Rent (refer note 40)	4.90	5.76
Repairs		
buildings	0.84	0.94
machinery	4.78	5.07
others	3.18	3.92
Insurance	4.18	4.10
Rates and taxes	4.23	0.83
Directors' sitting fees	0.37	0.36
Traveling and conveyance	3.96	3.54
Legal and professional*	7.68	5.76
Vehicle running and maintenance expenses	2.85	3.40
Freight and forwarding	28.59	22.93
Line rejection and re-work charges	2.31	1.11
Miscellaneous expenses	8.96	7.14
	308.56	271.17
*Includes payments to auditors as:		
Auditors	0.85	0.84
Other service	0.07	0.02
for reimbursement expenses	0.11	0.09
	1.03	0.95
29. EXCEPTIONAL ITEMS		
On account of voluntary retirement scheme (refer note 45)	7.43	1.36
	7.43	1.36

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

30. INCOME TAX

- A. The reconciliation of estimated income tax expense at statutory income tax rate of the Group to income tax expense reported in Consolidated statement of profit and loss is as follows:

	Year ended March 31, 2018		Year ended March 31, 2017	
	Amount		Amount	
		%		%
Profit from continuing operations before income tax expense	70.11		63.37	
Income tax using the Company's domestic tax rate	24.26	34.61%	21.93	34.61%
Tax incentives and concessions	(7.49)	(10.68%)	(7.40)	(11.68%)
Non Deductible expenses	0.14	0.20%	0.19	0.30%
Tax effect of carry forward losses (on which deferred tax asset was not created in past)	(1.47)	(2.1%)	(1.57)	(2.48%)
Deferred tax not created due to absence of reasonable certainty	(0.89)	(1.27%)	0.02	0.03%
Effect due to different tax rates of subsidiaries	(0.02)	(0.03%)	(0.03)	(0.05%)
Others	(2.42)	(3.46%)	(1.42)	(2.25%)
Income tax expenses recognised in the statement of profit and loss	12.11	17.27%	11.72	18.50%

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

	Year ended March 31, 2018			
	Opening balance	Recognised /(reversed) through profit and loss	Recognised /(reversed) through OCI/ equity	Closing balance
B1. Deferred tax assets*				
For the year ended March 31, 2017				
Carry forward losses	4.29	1.98	—	6.27
For the year ended March 31, 2018				
Carry forward losses	6.27	2.30	—	8.57
B2. Deferred tax liabilities (net)				
For the year ended March 31, 2017				
Deferred tax liabilities				
Depreciation and amortisation	16.69	3.64	—	20.33
Financial assets and liabilities at amortised cost	3.98	2.45	—	6.43
Others*	2.44	(0.61)	—	1.83
	23.11	5.48	—	28.59
Deferred tax assets				
Employee benefits	(5.02)	(1.05)	(0.62)	(6.69)
Minimum alternative tax credit entitlement	(3.61)	(1.43)	—	(5.04)
Others	(0.96)	(2.19)	—	(3.15)
	(9.59)	(4.67)	(0.62)	(14.88)
Net deferred tax liabilities	13.52	0.81	(0.62)	13.71

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	Opening balance	Recognised /(reversed) through profit and loss	Recognised /(reversed) through OCI/ equity	Closing balance
For the year ended March 31, 2018				
Deferred tax liabilities				
Depreciation and amortisation	20.33	0.66	–	20.99
Financial assets and liabilities at amortised cost	6.43	2.29	–	8.72
Others	1.83	(1.57)	–	0.26
	<u>28.59</u>	<u>1.38</u>	<u>–</u>	<u>29.97</u>
Deferred tax assets				
Employee benefits	(6.69)	0.35	(0.14)	(6.48)
Foreign currency monetary item translation difference account	–	(0.07)	–	(0.07)
Minimum alternative tax credit entitlement	(5.04)	(1.97)	–	(7.01)
Others	(3.15)	(1.34)	–	(4.59)
	<u>(14.88)</u>	<u>(3.03)</u>	<u>(0.14)</u>	<u>(18.15)</u>
Net deferred tax liabilities	<u>13.71</u>	<u>(1.65)</u>	<u>(0.14)</u>	<u>11.82</u>

* Pertains to two subsidiary companies, namely, Rico Jinfei Wheels Limited and Rasa Autocom Limited. Deferred tax asset has been created only to the extent of availability of reasonably certain future taxable profits.

(₹ in Crores)

	Year ended March 31, 2018	Year ended March 31, 2017
31. EARNINGS PER SHARE		
Profit after tax (A)/(₹)	57.80	51.60
Weighted average number of equity shares (basic/diluted) (B)	135,285,000	135,285,000
Nominal value of equity share (₹)	1.00	1.00
Earnings per share - basic/diluted (A/B) (₹)	<u>4.27</u>	<u>3.81</u>

32. FINANCIAL INSTRUMENTS

A. Financial Instruments by Category

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

(₹ in Crores)

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*
Financial assets						
Non-current						
Loans	–	65.45	–	69.75	–	64.22
Other financial assets	–	0.16	–	0.15	–	0.22
Current						
Investments	2.66	–	6.56	–	5.98	–
Trade Receivables	–	228.62	–	165.42	–	136.88
Cash and cash equivalents	–	8.68	–	2.16	–	3.35
Bank balances other than cash and cash equivalents	–	2.90	–	2.99	–	2.16
Loans	–	10.26	–	13.75	–	8.43
Other financial assets	–	6.80	–	6.05	–	7.68
	<u>2.66</u>	<u>322.87</u>	<u>6.56</u>	<u>260.27</u>	<u>5.98</u>	<u>222.95</u>

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

(₹ in Crores)

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*
Financial liabilities						
Non-current						
Borrowings (excluding current maturities)	–	63.12	–	67.31	–	91.04
Current						
Borrowings	–	135.03	–	114.51	–	85.71
Trade payables	–	158.01	–	128.93	–	122.41
Other financial liabilities	0.32	99.97	–	74.85	–	73.63
	0.32	456.13	–	385.60	–	372.79

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

B. Fair value hierarchy

The categories used are as follows:

Level 1: Quoted price in active market.

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

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

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

(₹ in Crores)

	As at	Level 1	Level 2	Level 3	Total
Forward contract derivative liability	March 31, 2018	–	0.32	–	0.32
Investment measured at fair value through profit and loss	March 31, 2018	2.66	–	–	2.66
Investment measured at fair value through profit and loss	March 31, 2017	6.56	–	–	6.56
Investment measured at fair value through profit and loss	April 01, 2016	5.98	–	–	5.98

33. CAPITAL MANAGEMENT

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

Total debt divided by total equity

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total debt*	271.93	235.76	226.30
Total equity [#]	563.25	523.71	475.15
Debt equity ratio	0.48	0.45	0.48

* Includes short term and long term borrowings with current maturities.

[#] Includes equity share capital and other equity.

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

34. FINANCIAL RISK MANAGEMENT

34A. Market risk:

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

a. Foreign currency risk:

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

The derivative instruments and unhedged foreign currency exposure is as follows:

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

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

(₹ in Crores)

As at March 31, 2018	USD	JPY	EURO	GBP	Others	Total
Trade payable	2.16	0.17	0.40	0.13	0.02	2.87
Borrowings:						
Buyer's credit facility	2.30	9.36	16.89	–	–	28.55
Term loan	39.97	–	–	–	–	39.97
Packing Credit Facility	25.59	–	–	–	–	25.59
Less: Trade Receivable	61.17	–	26.83	(4.33)	–	83.67
Net payable/(receivable)	8.85	9.53	(9.54)	4.46	0.02	13.31

Impact on Profit/Loss account on account of change in currency

Sensitivity to increase of 1%	(0.09)	(0.10)	0.10	(0.04)	(0.00)	(0.13)
Sensitivity to decrease of 1%	0.09	0.10	(0.10)	0.04	0.00	0.13

As at March 31, 2017	USD	JPY	EURO	GBP	Others	Total
Trade payable	1.26	0.07	0.11	0.03	–	1.46
Borrowings:						
Buyer's credit facility	0.38	6.55	14.63	–	0.90	22.46
Term loan	65.19	–	–	–	–	65.19
Packing Credit Facility	72.97	–	–	–	–	72.97
Less: Trade Receivable	59.42	–	15.01	(3.81)	–	70.61
Net payable	80.38	6.62	(0.27)	3.84	0.90	91.47

Impact on Profit/Loss account on account of change in currency

Sensitivity to increase of 1%	(0.80)	(0.07)	0.00	(0.04)	(0.01)	(0.91)
Sensitivity to decrease of 1%	0.80	0.07	(0.00)	0.04	0.01	0.91

As at April 01, 2016	USD	JPY	EURO	GBP	Others	Total
Trade payable	1.16	0.21	3.10	0.08	–	4.56
Borrowings:						
Buyer's credit facility	–	6.62	12.32	–	–	18.94
Term loan	88.43	–	–	–	–	88.43
Packing credit facility	74.58	–	–	–	–	74.58
Less: Trade Receivable	59.94	–	6.37	(4.25)	–	62.06
Net payable	104.23	6.83	9.05	4.33	–	124.45

Impact on Profit/Loss account on account of change in currency

Sensitivity to increase of 1%	(1.04)	(0.07)	(0.09)	(0.04)	–	(1.24)
Sensitivity to decrease of 1%	1.04	0.07	0.09	0.04	–	1.24

Derivatives outstanding as at the reporting date

	Currency sold	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Forward Contract (sell) against exports	USD	32.96	–	–
Forward Contract (sell) against exports	Euro	4.10	–	–

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

b. Interest rate risk:

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

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Variable rate borrowings	242.53	157.66	148.40

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

(₹ in Crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Variable rate borrowings		
Interest rate increase by 0.5%	0.73	0.72
Interest rate decrease by 0.5%	(0.73)	(0.72)

34B. Credit Risk :

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

(₹ in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Investments	2.66	6.56	5.98
Cash and cash equivalents	8.68	2.16	3.35
Other bank balances	2.90	2.99	2.16
Trade receivables	228.62	165.42	136.88
Loans	75.71	83.50	72.66
Other financial assets	6.96	6.20	7.90

Cash and cash equivalents and bank balances

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

Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2018 and March 31, 2017 is significant.

Other financial assets measured at amortised cost

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

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade Receivables			
Outstanding for more than six months	10.38	9.05	9.05
Others	218.24	156.37	127.83
	228.62	165.42	136.88

34C. Liquidity risk:

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

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

	(₹ in Crores)			
	Less than 1 year	1-3 years	More than 3 years	Total
As at March 31, 2018				
Borrowings (including short term and current maturities)	208.81	49.69	13.43	271.93
Interest accrued but not due on borrowings	0.68	-	-	0.68
Trade payable (including payable for capital goods)	163.19	-	-	163.19
Unclaimed dividends	1.29	-	-	1.29
Employee benefit payable	17.32	-	-	17.32
Security deposit	1.70	-	-	1.70
Derivative liability measured at fair value	0.32	-	-	0.32
Others	0.72	-	-	0.72
	394.03	49.69	13.43	457.15
As at March 31, 2017				
Borrowings (including short term and current maturities)	168.45	62.75	4.56	235.76
Interest accrued but not due on borrowings	0.37	-	-	0.37
Trade payable (including payable for capital goods)	132.53	-	-	132.53
Unclaimed Dividends	0.96	-	-	0.96
Employee Benefit Payable	14.51	-	-	14.51
Security Deposit	1.20	-	-	1.20
Others	0.65	-	-	0.65
	318.67	62.75	4.56	385.98
As at April 01, 2016				
Borrowings (including short term and current maturities)	135.26	66.95	24.09	226.30
Interest accrued but not due on borrowings	0.38	-	-	0.38
Trade payable (including payable for capital goods)	126.70	-	-	126.70
Unclaimed dividends	1.20	-	-	1.20
Employee benefit payable	13.42	-	-	13.42
Security deposit	0.89	-	-	0.89
Others	4.28	-	-	4.28
	282.13	66.95	24.09	373.17

35. CONTINGENCIES

A. Contingent liability

A1. Demand against the Company not acknowledged as liability

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Income tax (TDS)*	0.00	0.02	0.07
Sales tax and Value added tax	0.30	0.26	0.26
Excise and service tax	7.13	7.28	11.70
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")	5.60	5.60	5.60
Others	0.32	0.32	0.34

*Amounts have been rounded off to zero

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

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Sales tax and Value added tax	0.04	0.04	0.04
Excise and service tax	5.16	5.32	7.58
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")	5.60	5.60	5.60

A2. Others

Surety bonds executed in favor of the President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing capital goods at concessional rate of custom duty, amounting to ₹4.66 crores (March 31, 2017: ₹4.66 crores, April 01, 2016: ₹4.66 crores.) Amount of custom duty included is ₹4.28 crores (March 31, 2017: ₹4.28 crores, April 01, 2016: ₹4.28 crores)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

36. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Crores)						
	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Principal	Interest	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	22.87	0.13	9.73	0.01	7.63	0.01
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	-	-	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	0.10	-	0.01	-	0.01
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-	-	-	-	-

37. COMMITMENTS

(₹ in Crores)			
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹15.07 crores (March 31, 2017 ₹4.63 crores and April 01, 2016 ₹2.05 crores)]	116.89	21.13	2.52

38. EMPLOYEE BENEFITS

A. Defined contribution plans

(₹ in Crores)		
	Year ended March 31, 2018	Year ended March 31, 2017
Employer's contribution to provident fund	6.18	6.14
Employer's contribution to ESI	0.51	0.35

B. Defined benefit plan

GRATUITY

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

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

(₹ in Crores)		
	Year ended March 31, 2018	Year ended March 31, 2017
B1. Change in defined benefit obligation		
Present value of obligation as at beginning of the year	24.78	21.00
Current service cost*	1.96	1.88
Interest cost	1.83	1.68
Benefits paid	(4.19)	(1.48)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

(₹ in Crores)		
	Year ended March 31, 2018	Year ended March 31, 2017
Actuarial loss	0.53	1.70
Present value of obligation as at end of the year	24.91	24.78
*Included in employee benefit expenses.		
B2. Change in fair value of plan assets		
Fair value of assets at the beginning of the year	8.62	7.12
Expected return on plan assets	0.64	0.56
Employers contributions	1.23	2.22
Benefits paid	(1.61)	(1.14)
Actuarial gain	–	(0.14)
Fair value of plan assets as at end of the year	8.88	8.62
B3. The amounts to be recognised in Consolidated balance sheet		
Present value of obligation as at the end of the period	24.91	24.78
Fair value of plan assets as at the end of the period	(8.88)	(8.62)
Net liability recognised in Balance Sheet	16.03	16.16
– Non current	15.76	15.91
– Current	0.27	0.25
B4. Expense recognised during the year		
In Consolidated statement of profit and loss		
Current service cost	1.96	1.88
Interest cost (net of income)	1.83	1.68
Net cost	3.79	3.56
In Consolidated other comprehensive income		
– Change in financial assumptions	(1.07)	(0.42)
– experience variance (i.e. Actual experience vs assumptions)	1.63	2.39
– Return on plan assets, excluding amount recognised in net interest expense	(0.03)	(0.13)
Net cost	0.53	1.84
B5. Actuarial assumptions		
Discount rate	7.80%	7.40%
Rate of increase in compensation levels	6.25%	6.25%
Mortality rate (% of IALM 06–08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%
B6. Sensitivity analysis for gratuity liability		
Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:		

(₹ in Crores)				
	As at March 31, 2018		As at March 31, 2017	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	1.91	(0.77)	1.85	(0.87)
Impact of change in salary (+/- 0.5%)	1.92	(0.79)	1.85	(0.90)
Impact of change in attrition rate (+/- 0.5%)	0.64	0.37	0.53	0.32

Note: The Group expects to contribute ₹10.38 crores to gratuity fund in the next financial year.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

C. Other long term benefit plans

Other long term benefit plans represents the compensated absences provided to the employees of the Group.

Actuarial valuation has been done with the following assumptions:

	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.80%	7.40%
Salary growth rate	6.25%	6.25%
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Retirement age (years)	58.00	58.00
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

39. EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ in Crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Capital expenditure	4.27	3.05
Employee benefits expense	7.45	5.82
Revenue expenditure other than depreciation	3.47	2.30
Depreciation on research and development assets	1.02	0.45

40. The Group's operating lease payments pertains to premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to ₹4.90 crores (March 31, 2017 ₹5.76 crores) for the year, has been charged to the Consolidated statement of profit and loss.

The future minimum operating lease payments in respect of premises taken on non-cancellable lease are as follow:

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Minimum lease payments			
Due within one year	0.33	0.32	0.19
Due for period more than one but less than five years	1.48	1.33	1.32
Due for period more than five years	15.31	15.89	16.13
Total minimum lease payment	17.12	17.54	17.64

41. RELATED PARTY DISCLOSURES

I. Related parties

A. Joint Venture

Magna Rico Powertrain Private Limited

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

- i) Kapsons Associates Investments Private Limited
- ii) Higain Investments Private Limited
- iii) Magpie Finvest Advisors Private Limited
- iv) Octan Media Limited
- v) ASN Properties Private Limited
- vi) Rico Castings Limited
- vii) T.K. Precision Private Limited
- viii) Kapbros Engineering Industries Limited
- ix) Haridwar Estates Private Limited
- x) Ishwara Manufacturing Services Private Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

C. Key management personnel

- i) Shri Arvind Kapur – Chairman, CEO and Managing Director
- ii) Shri Arun Kapur – Joint Managing Director
- iii) Shri Rakesh Kapur – Non Executive Director
- iv) Smt. Upasna Kapur – Non Executive Director
- v) Shri Amarjit Chopra – Independent Director
- vi) Shri Satish Sekhri – Independent Director
- vii) Shri Ashok Seth – Independent Director
- viii) Shri Kanwal Monga – Independent Director
- ix) Shri Rajeev Kapoor – Independent Director
- x) Shri Vinod Kumar Nagar – Independent Director
- xi) Shri Sanjay Syal – Chief Financial Officer (upto February 07, 2017)*
- xii) Shri Rakesh Kumar Sharma – Chief Financial Officer (from August 04, 2017)*
- xiii) Shri B.M Jhamb – Company Secretary*

* as per the Companies Act 2013

II. Transactions with related parties

	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
A. Joint venture		
1. Magna Rico Powertrain Private Limited		
Sale of goods	5.20	5.01
Miscellaneous income	0.14	0.21
B. Entity in which directors are interested		
1. Rico Casting Limited		
Purchase of goods	22.11	11.14
Sale of goods	13.48	7.40
Purchase of assets	–	0.05
Job work expense	0.89	0.59
Reimbursement of expense	8.44	6.47
Rent paid	1.84	1.80
Security deposit paid	–	4.90
Advance paid	–	8.00
Interest received	3.78	2.47
2. Kapbros Engineering Industries Limited		
Purchase of goods	32.30	0.09
Sale of goods	24.82	0.19
Purchase of assets	0.85	–
Sale of assets	–	0.04
Job work expense	5.25	1.59
Recovery of expenses	1.14	0.04
Rent received	0.72	–
3. Kapsons Associates Investments Private Limited		
Loan given	2.32	2.00
Interest Income	2.84	2.22
Rent expense	0.67	0.75
Inter corporate deposit	–	0.10
4. Magpie Finvest Advisors Private Limited		
Rent paid*	0.00	–
6. T.K. Precision Private Limited		
Purchase of goods	3.73	3.62
Recovery of expenses	0.01	–

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

	Year ended March 31, 2018	Year ended March 31, 2017
7. Ishwara Manufacturing Services Private Limited		
Rent expense	0.03	–
8. Haridwar Estate Private Limited		
Advance adjusted in the Company's name	9.72	–
Advance given	0.09	–
C. Key management personnel compensation**		
Shri Arvind Kapur	3.33	2.92
Shri Arun Kapur	1.02	0.62
Shri Sanjay Sayal	–	0.50
Shri Rakesh Kumar Sharma	0.37	–
Shri BM Jhamb	0.40	0.42

* Amounts have been rounded off to zero

** As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Group as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the above table. Gratuity and compensated absences are included based on actual payment in respective year based in the above table.

Note: In respect of details of personal guarantee given by promoters or directors, refer Note 16.

Note: The above transactions are in the ordinary course of business.

III. Balances with related parties

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A. Joint venture			
1. Magna Rico Powertrain Private Limited			
Balance recoverable	1.37	1.72	2.56
B. Entity in which directors are interested			
1. Rico Casting Limited			
Loan receivable	36.15	36.20	35.91
Interest receivable	0.53	–	–
Balance payable	–	0.18	–
Advance recoverable	8.00	8.00	–
Balance recoverable	0.70	–	1.87
Security deposit	4.90	4.90	–
2. Kapbros Engineering Industries Limited			
Balance recoverable, net	16.19	0.24	3.54
Balance payable, net	0.11	0.52	0.03
3. Kapsons Associates Investments Private Limited			
Security deposit	0.18	0.18	0.18
Loan receivable	24.26	25.40	23.40
Inter-corporate deposits	3.77	1.90	–
Interest Receivable	0.86	0.01	–
4. Magpie Finvest Advisors Private Limited			
Balance payable, net	0.00*	–	–
5. Haridwar Estates Private Limited			
Capital advance	–	9.72	9.72
Advance given	0.09	–	–
6. T.K. Precision Private Limited			
Balance payable	1.05	0.87	0.94
7. Ishwara Manufacturing Services Private Limited			
Balance payable	0.03	–	–

*Amounts have been rounded off to zero.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

42. SEGMENT REPORTING

The Company is engaged in the manufacturing and sale of auto components for two wheelers and four wheelers. Considering the nature of the Company's business and operations, and the information reviewed by the Chief Operating Decision Maker (CODM) to allocate resources and assess performance, the Company has one reportable business segment as per the requirements of Ind AS 108 – 'Operating Segments'.

Information about geographical area:

	(₹ in Crores)			
	India	UK	US	Total
Year ended March 31, 2018				
Revenue from external customers (gross)	1,004.25	84.71	140.67	1,229.63
Non-current assets*	561.91	0.00	0.01	561.92
Year ended March 31, 2017				
Revenue from external customers (gross)	909.79	52.25	151.83	1,113.87
Non-current assets*	520.51	0.00	0.18	520.69

*Amounts have been rounded off to zero.

43. In accordance with Accounting Standard 11 (under previous GAAP) "The effects of Changes in Foreign Exchange Rates", the Group had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. The Group has elected to continue with the accounting treatment as per option given in para D13AA of Ind AS 101 (refer note 48 for details). Amount remaining to be amortised is as under:

	(₹ in Crores)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Un-amortised exchange differences			
– Property, plant and equipment	3.93	3.44	8.01
– FCMITDA	0.29	0.36	(0.77)

44. As per the transfer pricing norms applicable in India, the Group is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Group is in the process of updating the transfer pricing study for the current financial period. However, in the opinion of the management the same would not have a material impact on these financial statements.
45. Exceptional items for the current year and previous year include expenditure incurred pursuant to Voluntary Retirement Scheme of the Group amounting to ₹7.43 crores and ₹1.36 crores respectively.
46. Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013:

	(₹ in Crores)			
	Net assets		Share in profit and loss	
	As % Consolidated net assets	Amount	As % Consolidated net profit	Amount
Parent				
Rico Auto Industries Limited	96.06%	544.26	87.64%	49.64
Indian subsidiaries				
1. AAN Engineering Industries Limited	(0.24%)	(1.35)	(0.43%)	(0.25)
2. Rico Investments Limited	21.63%	122.56	6.12%	3.54
3. Rico Jinfei Wheels Limited	0.1%	0.58	0.23%	0.13
4. Rasa Autocom Limited	3.24%	18.37	4.56%	2.63
5. Rico Aluminium and Ferrous Auto Components Limited	8.38%	47.48	(0.22%)	(0.13)
Foreign subsidiaries				
1. Rico Auto Industries Inc., USA	4.11%	23.26	3.09%	1.79
2. Rico Auto Industries (UK) Limited, UK	1.12%	6.36	0.87%	0.50
Minority Interest				
1. Rico Investments Limited (including its subsidiaries)	0.59%	3.36	0.35%	0.20
Add/(Less): Effect of Intercompany	(34.99%)	(198.27)	(12.11%)	(0.25)
Total	100.00%	566.61	100.00%	57.80

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

47. SUBSIDIARIES AND JOINT VENTURE CONSIDERED FOR CONSOLIDATION

The Group's Subsidiaries as at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The Country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group		
		March 31, 2018	March 31, 2017	April 01, 2016
A. Wholly owned subsidiaries of the Company				
AAN Engineering Industries Limited	India	100%	100%	100%
Rico Auto Industries Inc.	USA	100%	100%	100%
Rico Auto industries (UK) Limited	UK	100%	100%	100%
B. Entities having non-controlling interest				
Rico Investment Limited*	India	96.88%	92.56%	92.56%

* Rico Investment limited has further three subsidiary companies Rasa Autocom Limited, Rico Jinjie Wheels Limited and Rico Aluminium and Ferrous Auto Components Limited.

C. Joint venture

C1.

Name of the entity	Place of business/ country of incorporation	% of ownership	Carrying Amount* As at		
			March 31, 2018	March 31, 2017	April 01, 2016
Magna Rico Powertrain Private Limited	India	50%	23.20	20.25	17.22

* Quoted price of the investment has not been disclosed as the same is not available, due to the reason that the joint venture not a listed company.

C2. Summarised financial information of joint ventures

C2.1 Summarised financial position:

(₹ in Crores)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash and cash equivalents	3.47	2.64	0.94
Other Assets	37.49	30.51	25.81
Total current assets	40.96	33.15	26.75
Total non-current assets	29.49	33.56	32.70
Financial Liabilities (excluding trade payable)	0.13	–	0.26
Other Liabilities	23.22	25.23	23.72
Total current liabilities	(23.35)	(25.23)	(23.98)
Total non-current liabilities	(0.71)	(0.98)	(1.04)
Net assets	46.39	40.50	34.43

C2.2 Summarised financial performance:

(₹ in Crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit from operating operation	5.81	6.07
Other comprehensive income*	0.08	0.00
Total comprehensive income	5.89	6.07

C3. Reconciliation to carrying amount of Magna Rico Powertrain Private Limited

Opening net assets	40.50	34.43
Profit for the year	5.81	6.07
Other comprehensive income(net of taxes)*	0.08	0.00
Closing net assets	46.39	40.50
Group share %	50%	50%
Group's share	23.20	20.25
Carrying amount of investment	23.20	20.25

*Amounts have been rounded off to zero

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

48. FIRST-TIME ADOPTION OF Ind AS

These are the first Consolidated financial statements prepared in accordance with Ind AS by the Group.

The accounting policies and other principles set out in Note 2 and 3 have been applied in preparing financial statements for the year ended March 31, 2018, the comparative information presented in these Consolidated financial statements for the year ended March 31, 2017 and in preparation of an opening Ind AS balance sheet at April 01, 2016 (the transition date). In preparing its opening Ind AS Consolidated balance sheet, the Group has adjusted the amounts reported previously in Consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's Consolidated financial position, Consolidated financial performance and Consolidated cash flows is set out in following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A1. Ind AS optional exemptions

A1.1 Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plants and equipment as recognised in the Consolidated financial statements as the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets at their previous GAAP carrying value.

A1.2 Long term foreign currency monetary items

The Group has elected to continue policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in financial statements for period ending immediately before beginning of first Ind AS financial reporting period as per previous GAAP i.e., April 01, 2017.

A2. Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS's at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

There is no such estimate which is changed while applying Ind AS. All the estimates as per previous GAAP are carried forward as in Ind AS transition Consolidated balance sheet as at April 01, 2016.

Further, The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL or FVOCI;
- Investment in debt instruments carried at amortised cost; and
- Impairment of financial assets based on expected credit loss model.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of fact and circumstances existing at the date of transition. Further, the standard permits measurement of financial assets accounted as amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

B. Reconciliations between previous GAAP and Ind AS

B1.1 Reconciliation of Consolidated balance sheet (Transition balance sheet)

(₹ in Crores)

	Notes	As at April 01, 2016		
		Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS
Assets				
Non-current assets				
(a) Property, plant and equipment	B.7 - e, f	387.97	(5.31)	382.66
(b) Capital work-in-progress	B.7 - e	70.01	(2.00)	68.01
(c) Intangible assets	B.7 - e	0.09	(0.09)	-
(d) Investments accounted for using equity method	B.7 - e	-	17.22	17.22
(e) Financial assets				
(i) Loans	B.7 - a, e	64.99	(0.77)	64.22
(ii) Other financial assets	B.7 - e	0.27	(0.05)	0.22
(f) Deferred tax assets	B.7 - i	-	4.29	4.29
(g) Other non-current assets		21.24	-	21.24
Total non-current assets		<u>544.57</u>	<u>13.29</u>	<u>557.86</u>
Current assets				
(a) Inventories	B.7 - e	120.25	(2.34)	117.91
(b) Financial assets				
(i) Investments	B.7 - b	5.50	0.48	5.98
(ii) Trade receivables	B.7 - e	142.91	(6.03)	136.88
(iii) Cash and cash equivalents	B.7 - e	3.60	(0.25)	3.35
(iv) Bank balances other than (iii) above	B.7 - e	2.92	(0.76)	2.16
(v) Loans		8.43	-	8.43
(vi) Other financial assets		7.68	-	7.68
(c) Other current assets	B.7 - a, e	64.07	(5.95)	58.12
Total current assets		<u>355.36</u>	<u>(14.85)</u>	<u>340.51</u>
Total assets		<u>899.93</u>	<u>(1.56)</u>	<u>898.37</u>
Equity				
(a) Equity share capital		13.53	-	13.53
(b) Other equity	B.5	457.05	4.57	461.62
Equity attributable to owners of the Company		<u>470.58</u>	<u>4.57</u>	<u>475.15</u>
Non-controlling interests		3.92	(0.79)	3.13
Total Equity		<u>474.50</u>	<u>3.78</u>	<u>478.28</u>
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	B.7 - a	91.74	(0.70)	91.04
(b) Provisions	B.7 - e	14.84	(0.13)	14.71
(c) Deferred tax liabilities (net)	B.7 - i	9.54	3.98	13.52
(d) Other non-current liabilities	B.7 - f	1.39	1.23	2.62
Total non-current liabilities		<u>117.51</u>	<u>4.38</u>	<u>121.89</u>
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings		85.71	-	85.71
(ii) Trade payables	B.7 - e	129.66	(7.25)	122.41
(iii) Other financial liabilities	B.7 - e	74.22	(0.59)	73.63
(b) Other current liabilities	B.7 - e, f	14.97	(0.06)	14.91
(c) Provisions	B.7 - d, e	3.36	(1.82)	1.54
Total current liabilities		<u>307.92</u>	<u>(9.72)</u>	<u>298.20</u>
Total equity and liabilities		<u>899.93</u>	<u>(1.56)</u>	<u>898.37</u>

*Previous gaap figures has been reclassified as per the Ind AS presentation requirements.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

B1.2 Reconciliation of Consolidated balance sheet

17.2 Reconciliation of Consolidated balance sheet				(₹ in Crores)
	Notes	As at March 31, 2017		
		Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS
Assets				
Non-current assets				
(a) Property, plant and equipment	B.7 - e, f	433.66	(5.70)	427.96
(b) Capital work-in-progress	B.7 - e	44.72	(0.26)	44.46
(c) Intangible assets	B.7 - e	0.53	(0.53)	–
(d) Investments accounted for using equity method	B.7 - e	–	20.25	20.25
(e) Financial assets				
(i) Loans	B.7 - a, e	70.49	(0.74)	69.75
(ii) Other financial assets	B.7 - e	0.15	–	0.15
(f) Deferred tax assets	B.7 - i	–	6.27	6.27
(g) Other non-current assets	B.7 - e	35.47	(7.45)	28.02
Total non-current assets		<u>585.02</u>	<u>11.84</u>	<u>596.86</u>
Current assets				
(a) Inventories	B.7 - e	112.13	(1.77)	110.36
(b) Financial assets				
(i) Investments	B.7 - b	5.50	1.06	6.56
(ii) Trade receivables	B.7 - e	173.92	(8.50)	165.42
(iii) Cash and cash equivalents	B.7 - e	6.28	(4.12)	2.16
(iv) Bank balances other than (iii) above		2.99	–	2.99
(v) Loans	B.7 - a	13.74	0.01	13.75
(vi) Other financial assets	B.7 - e	6.08	(0.03)	6.05
(c) Other current assets	B.7 - e	62.99	(1.37)	61.62
Total current assets		<u>383.63</u>	<u>(14.72)</u>	<u>368.91</u>
Total assets		<u>968.65</u>	<u>(2.88)</u>	<u>965.77</u>
Equity				
(a) Equity share capital		13.53	–	13.53
(b) Other equity	B.5	505.10	5.08	510.18
Equity attributable to owners of the Company		<u>518.63</u>	<u>5.08</u>	<u>523.71</u>
Non-controlling interests		4.35	–1.19	3.16
Total Equity		<u>522.98</u>	<u>3.89</u>	<u>526.87</u>
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	B.7 - a	67.75	(0.44)	67.31
(b) Provisions	B.7 - e	20.77	(0.23)	20.54
(c) Deferred tax liabilities (net)	B.7 - i	9.26	4.45	13.71
(d) Other non-current liabilities	B.7 - f	1.55	1.20	2.75
Total non-current liabilities		<u>99.33</u>	<u>4.98</u>	<u>104.31</u>
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings		114.51	–	114.51
(ii) Trade payables	B.7 - e	138.86	(9.93)	128.93
(iii) Other financial liabilities	B.7 - e	75.01	(0.16)	74.85
(b) Other current liabilities	B.7 - e, f	12.65	(0.62)	12.03
(c) Provisions	B.7 - d, e	0.55	(0.16)	0.39
(d) Current tax liabilities (net)	B.7 - e	4.76	(0.88)	3.88
Total current liabilities		<u>346.34</u>	<u>(11.75)</u>	<u>334.59</u>
Total equity and liabilities		<u>968.65</u>	<u>(2.88)</u>	<u>965.77</u>

*Previous gaap figures has been reclassified as per the Ind AS presentation requirements.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

B.2 Reconciliation of Consolidated profit and loss

(₹ in Crores)

	Notes	Year ended March 31, 2017		
		Previous GAAP*	Effect of transition to Ind AS	As per Ind AS
Revenue from operations	B.7 - e	1,156.40	(42.53)	1,113.87
Other income	B.7 - b, f	12.97	0.35	13.32
Total revenue		<u>1,169.37</u>	<u>(42.18)</u>	<u>1,127.19</u>
Expenses				
(a) Cost of materials consumed	B.7 - e	548.04	(27.13)	520.91
(b) Purchases of stock-in-trade		3.89	—	3.89
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	B.7 - e	(4.94)	(0.74)	(5.68)
(d) Excise duty	B.7 - e, i	77.22	(1.28)	75.94
(f) Employee benefits expense	B.7 - e, g	140.91	(4.64)	136.27
(g) Finance costs	B.7 - a, e	16.94	(0.23)	16.71
(h) Depreciation and amortisation expense	B.7 - e	47.71	(1.42)	46.29
(i) Other expenses	B.7 - c, e	276.26	(5.09)	271.17
Total expenses		<u>1,106.03</u>	<u>(40.53)</u>	<u>1,065.50</u>
Profit before tax		<u>63.34</u>	<u>(1.65)</u>	<u>61.69</u>
Share of profit of joint ventures	B.7 - e	—	3.04	3.04
Profit before exceptional items and tax		<u>63.34</u>	<u>1.39</u>	<u>64.73</u>
Exceptional items		1.36	—	1.36
Profit before Tax		<u>61.98</u>	<u>1.39</u>	<u>63.37</u>
Tax expense				
Current tax	B.7 - e	13.65	(0.76)	12.89
Deferred tax	B.7 - c	(0.26)	(0.91)	(1.17)
Profit for the year		<u>48.59</u>	<u>3.06</u>	<u>51.65</u>
A. Items that will not be reclassified to statement of profit and loss				
Loss on remeasurements of on defined benefit plan	B.7 - g	—	(1.84)	(1.84)
Share of other comprehensive income in joint venture**		—	—	0.00
Less: tax expense		—	0.62	0.62
B. Items that will be reclassified to profit and loss				
Exchange differences on translation of foreign operations		—	(1.36)	(1.36)
Net other comprehensive income for the year		<u>—</u>	<u>(2.58)</u>	<u>(2.58)</u>
Total comprehensive income for the period		<u>48.59</u>	<u>0.48</u>	<u>49.07</u>
Net profit attributable to:				
Owners of the Company		48.16	3.44	51.60
Non controlling interest		0.43	(0.38)	0.05
Other comprehensive income attributable to:				
Owners of the Company		—	(2.56)	(2.56)
Non controlling interest		—	(0.02)	(0.02)
Total comprehensive income attributable to:				
Owners of the Company		48.16	0.88	49.04
Non controlling interest		0.43	(0.40)	0.03

*Previous gaap figures has been reclassified as per the Ind AS presentation requirements.

**Amounts have been rounded off to zero.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

B.3 Reconciliation of Consolidated statement of cash flow

(₹ in Crores)

	Year ended March 31, 2017		
	Previous GAPP*	Effect of Transition to Ind AS	As per Ind AS
Net cash flows from operating activities	78.76	(3.61)	75.15
Net cash flows used in investing activities	(66.46)	(0.27)	(66.73)
Net cash flows used in financing activities	(8.26)	0.01	(8.25)
Net increase in cash and cash equivalents	4.04	(3.87)	0.17
Exchange difference	(1.36)	–	(1.36)
Cash and cash equivalents at the beginning of the year	3.60	(0.25)	3.35
Cash and cash equivalents at the end of the year	6.28	(4.12)	2.16

*Previous gaap figures has been reclassified as per the Ind AS presentation requirements.

B.4 Reconciliation of Consolidated cash and cash equivalents

(₹ in Crores)

	As at March 31, 2017	As at April 01, 2016
Consolidated cash and cash equivalents under previous GAAP	6.28	3.60
Decrease in consolidated cash and cash equivalents due to equity method accounting of joint venture	(4.12)	(0.25)
Cash and cash equivalents as per Ind AS	<u>2.16</u>	<u>3.35</u>

B.5 Reconciliation of consolidated equity

(₹ in Crores)

	Notes	As at March 31, 2017	As at April 01, 2016
Consolidated other equity (reserves and surplus) under previous GAAP		505.10	457.05
Measurement of current investment at fair value	B.7 - b	1.06	0.48
Effective interest rate adjustments	B.7 - a	0.38	0.28
Adjustment of prior period item	B.7 - e	–	(0.16)
Dividend recognition after shareholder's approval	B.7 - d	–	1.63
Impact on share of joint venture*	B.7 - e	(0.00)	0.97
Impact on non-controlling interest		1.19	0.81
Others		(0.06)	(0.06)
Deferred tax impact of above adjustments	B.7 - i	2.51	0.62
Total adjustment to other equity		<u>5.08</u>	<u>4.57</u>
Consolidated other equity as per Ind AS		<u>510.18</u>	<u>461.62</u>

* Amounts have been rounded off to zero

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

B.6 Reconciliation of profit and loss after tax

	Notes	(₹ in Crores) Year ended March 31, 2017
Net Profit as per Previous GAAP		48.16
Measurement of current investment at fair value	B.7 - b	0.57
Effective interest rate adjustments	B.7 - a	0.21
Adjustment of prior period item	B.7 - e	0.16
Actuarial loss reclassified to other comprehensive income	B.7 - g	1.84
Non-controlling Interest		0.38
Effect of equity accounting of Joint Venture	B.7 - e	(0.97)
Others		0.01
Deferred tax impact of above adjustments	B.7 - i	1.24
Total effect of transition to Ind AS		3.44
Net profit as per Ind AS		51.60
Other comprehensive income for the year (net of tax)		(2.56)
Total comprehensive income as per Ind AS		49.04

B.7 Notes to Ind AS 101 - First time Adoption of Indian Accounting Standards reconciliation

- a. **Measurement of financial assets and financial liabilities at amortised cost:** Under Previous GAAP, all assets and liabilities that are now classified under the head financial assets and financial liabilities were carried at cost.

Under Ind AS, certain financial assets and financial liabilities are subsequently measured at amortised cost which involves the application of effective interest rate method (EIR). In applying the effective interest method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.
- b. **Fair valuation of investments in mutual fund (fair value through profit and loss account):** Under the previous GAAP, long term investments were measured at cost less diminution in value. Under the Ind AS, investments in mutual fund are measured at fair value as at the transition date, the Group has made irrevocable choice to account for these investments at fair value through profit and loss (FVTPL).
- c. **Prior period items:** Under previous GAAP, prior period items were reflected as part of current year expense or income in the Consolidated statement of profit and loss. Under Ind AS, the prior period items are adjusted to the period to which they relate and these are adjusted against opening equity of the earliest period presented.
- d. **Proposed dividend:** Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the Consolidated financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings.
- e. **Equity method accounting for interest in Joint Venture:** Under the previous GAAP, Magna was classified as jointly controlled entity and accounted for using the proportionate consolidation method. Under Ind-AS Magna accounted for using the equity method since it is a limited company whose legal form offers separation of the Company from the investors. The parties to the joint arrangements do not direct right to the assets and liabilities of the joint venture.
- f. **Government Grant (EPCG):** Under the previous GAAP, EPCG benefit were not considered as government grant. Under Ind AS, EPCG benefits are considered as government grant thus EPCG benefit has been considered as deferred revenue under other liabilities and a equivalent portion has been added up to the gross block of plant and machinery. The deferred revenue is being amortised over the life of the assets considering the benefits of grant to be over the life of the asset.
- g. **Re-measurement net of defined benefit obligations:** Under Ind AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognised in consolidated other comprehensive income instead of consolidated profit and loss in previous GAAP.
- h. **Excise duty:** Under previous GAAP, excise duty and certain sales related obligations had been netted off with income from sale, however under Ind AS, these items have been shown under expenses.
- i. **Deferred Tax:** Under Ind AS April 01, 2016, deferred tax has been recalculated in respect of above adjustment and the deferred tax impact as at the transition date has been recognised in opening reserves and for the year ended March 31, 2017 and March 31, 2018 has been recognised in the Consolidated statement of profit and loss.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2018 (Contd.)

49. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Amendment to Ind AS 7 Statement of cashflows, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of the amendment did not have any material impact on the financial statements, accordingly, the reconciliation is not disclosed.

50. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the parent Company have recommended a final dividend of ₹0.40 per share amounting to ₹5.41 crores on equity Shares of ₹1/- each for the year, subject to approval from shareholders. Dividend distribution tax on the same amounts to ₹1.10 crores.

51. Revenue of the Group for the period ended March 31, 2018 is net of Goods and Service Tax (GST) which is applicable to the Group from July 01, 2017, however, revenue for the period upto June 30, 2017 is net of Value Added Tax but gross of excise duty. Accordingly, revenue for the period ended March 31, 2018 is not comparable with the previous year presented in these Consolidated financial statements. Similarly expenses are also not comparable.

52. Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

53. The consolidated financial statements for the year ended March 31, 2018 were authorised and approved for issue by the Board of Directors on May 25, 2018.

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

per **Ashish Gupta**
Partner

Rakesh Kumar Sharma
Chief Financial Officer

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

Amarjit Chopra
Director
(DIN:00043355)

Place : Gurugram
Date : May 25, 2018

B.M Jhamb
Company Secretary

Satish Sekhri
Director
(DIN: 00211478)

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

ANNEXURE TO DIRECTORS' REPORT

Form AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ in Crores)

Name of the subsidiary	Rico Investments Limited	AAN Engineering Industries Limited	Rico Auto Industries Inc. USA	Rico Auto Industries (U.K.) Limited	Rico Aluminium and Ferrous Auto Components Limited	Rico Jinfei Wheels Limited	Rasa Autocom Limited
Sl. No.	1	2	3	4	5	6	7
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	USD (Exchang Rate 65.17)	GBP (Exchang Rate 91.25)	INR	INR	INR
Share capital	118.70	0.05	0.12	0.16	46.05	38.00	41.00
Reserves & surplus	3.86	(1.40)	23.14	6.20	1.43	(37.42)	(22.63)
Total assets	122.75	5.39	71.92	36.42	102.99	72.94	52.61
Total Liabilities	0.19	6.74	48.66	30.06	55.51	72.37	34.25
Investments	73.50	–	–	–	–	–	–
Turnover (Net of Excise)	–	4.08	140.67	84.71	246.40	112.83	32.74
Profit before taxation	4.04	(0.30)	2.91	0.63	(0.74)	(1.23)	1.89
Provision for taxation	0.51	(0.06)	1.12	0.13	(0.61)	(1.36)	(0.75)
Profit after taxation	3.54	(0.25)	1.79	0.50	(0.13)	0.13	2.63
Proposed Dividend	–	–	–	–	–	–	–
% of shareholding	96.88	100.00	100.00	100.00	100.00	93.49	100.00

- Notes:** 1. Name of Subsidiaries which are yet to commence operations – N.A.
2. Name of Subsidiaries which have been liquidated or sold during the year – Uttarakhand Automotives Limited have been amalgamated with the Company during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in Crores)

Sl. No.	Name of associates/Joint Ventures	Magna Rico Powertrain Pvt. Ltd.
1.	Latest audited Balance Sheet Date	31.03.2018
2.	Shares of Associate/Joint Ventures held by the company on the year end <ul style="list-style-type: none"> No. of Shares Amount of Investment in Associates/Joint Venture Extend of Holding% 	21120000 21.12 50.00
3.	Description of how there is significant influence	Joint Venture
4.	Reason why the associate/joint venture is not consolidated	Consolidated
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	23.25
6.	Profit/Loss for the year <ul style="list-style-type: none"> i. Considered in Consolidation ii. Not Considered in Consolidation 	8.67 4.34 4.34

Notes: Names of associates or joint ventures which have been liquidated or sold during the year – N.A.

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

Rakesh Kumar Sharma
Chief Financial Officer

Amarjit Chopra
Director
(DIN:00043355)

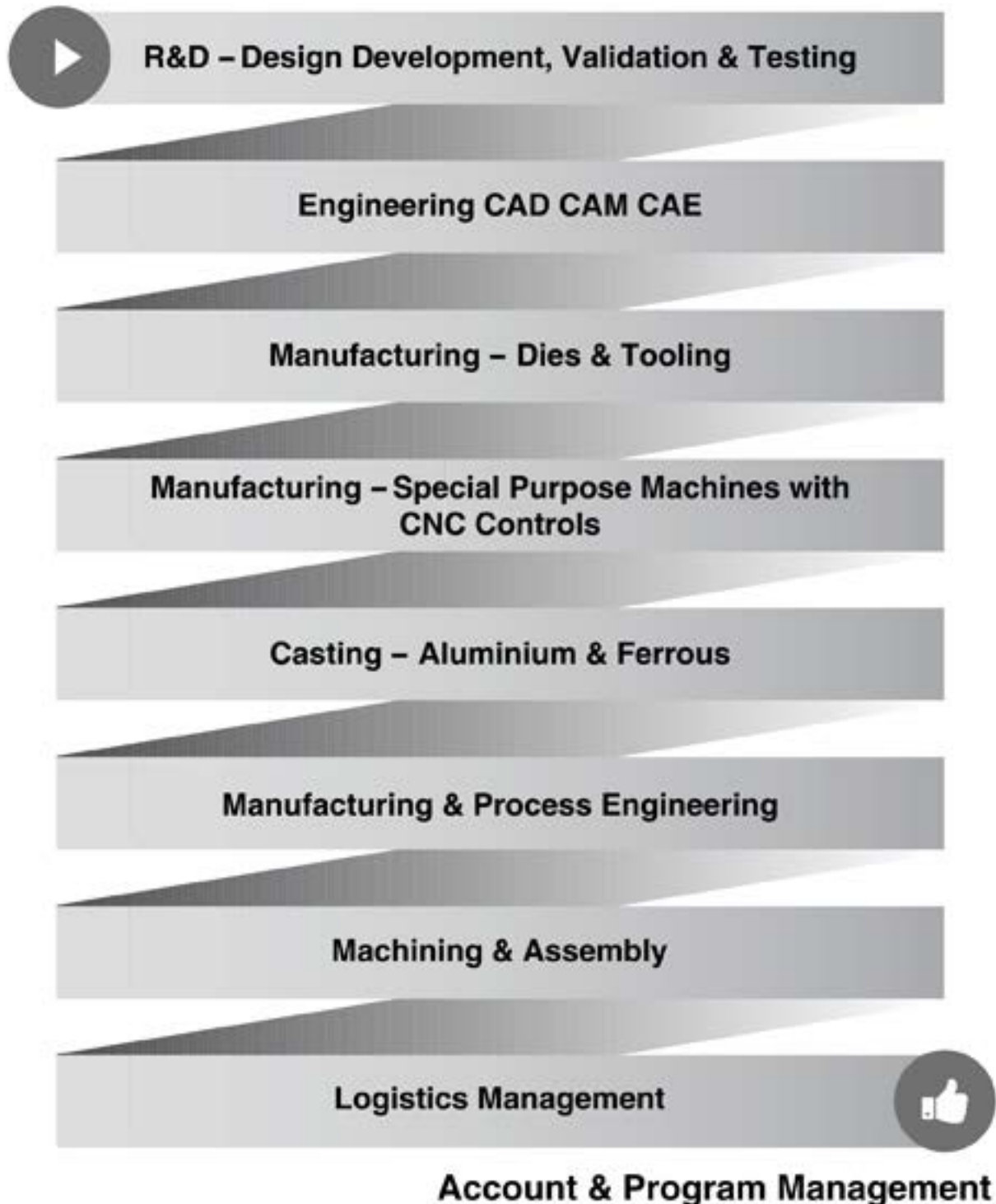
Satish Sekhri
Director
(DIN:00211478)

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

Place : Gurugram
Date : May 25, 2018

B. M. Jhamb
Company Secretary

Concept to Completion



The logo consists of the word "RICO" in a bold, sans-serif font. The letter "O" is stylized with a horizontal line through its center. The background of the entire advertisement is a repeating pattern of the word "RICO" in a light gray, semi-transparent font, arranged in a grid. Two large, dark gray triangular shapes are positioned diagonally, one in the top-left and one in the bottom-right, creating a sense of depth and framing the central text.

RICO

RICO AUTO INDUSTRIES LIMITED

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