

# RICO

A banner with a green, hilly background. A white diagonal ribbon with a yellow border contains the text "39th Annual Report 2021-22" in bold black font.

## FOCUS ON ELECTRIFICATION

**RICO - Made in India with Pride**

## (EV) Electric Vehicle Components for Motors & Transmissions



## Customers


**RENAULT**

# About Us

**RICO** is an established and reputed engineering group sharply focused on the automobile industry

## Supplier to Global EV Market

We manufacture and supply world class high precision and fully machined components & assemblies - both Aluminum and Ferrous - to leading OEMs across the Globe for **Electric Vehicles, Electrified Vehicles and ICE Engines**.

Our multiple, flexible, fully integrated production facilities are equipped to offer complete spectrum of services from Designing to Development of Tools, Casting and Precision Machining and Assembly of Components. Thus making us a Preferred Supplier to the **EV & Hybrid Vehicle Market**.

RICO has earned a reputation of being a reliable source for the most complex components and assemblies. Our commitment to uncompromising quality and the highest standards of excellence is matched by our ability to engineer the most demanding products as well as our capability to deliver global volumes across the world to cater the increasing demand of **Electrification**.

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

RICO has been supplier to the **EV Market** since 2019.

Incorporated in  
**1983**

**Global Supplier of**  
Automotive Components

Presence in  
**4 Continents**

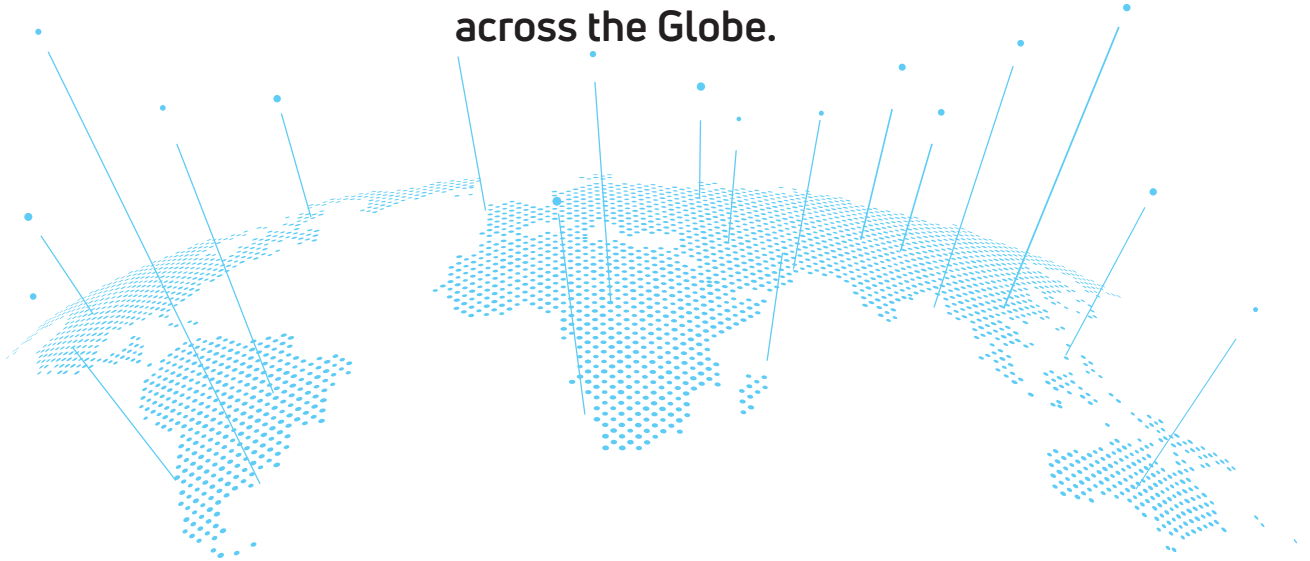
**15**  
Manufacturing Plants

Over 6000  
**Employees**

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

## Our Vision

To be the preferred supplier to OEMs  
across the Globe.



## Our Strategies

### World Class Quality:

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

### Integrated Service: Concept to Delivery

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

### Preferred Supplier:

Customer Focussed Enterprise Efficient Account, Program & Launch Management and Focus on **Electrification**

### 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.

100 percent Rico Group employees and their families are vaccinated as per government guidelines regulating age criteria of dose eligibility.

## CSR Initiatives

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

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

We are constantly working on enhancing the environmental sustainability; promoting basic formal education and skill

development to enhance the employability of youth in remote and rural areas.

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

Rico engaged multiple vaccination camps in Gurugram, Bawal and Chennai facility to support government vision of achieving "100 crores Mark" by Oct'21. Rico also sponsors 9-10 girls for Taekwondo International Competition.

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

# Financial Highlights

## Standalone

(₹ in Crores)

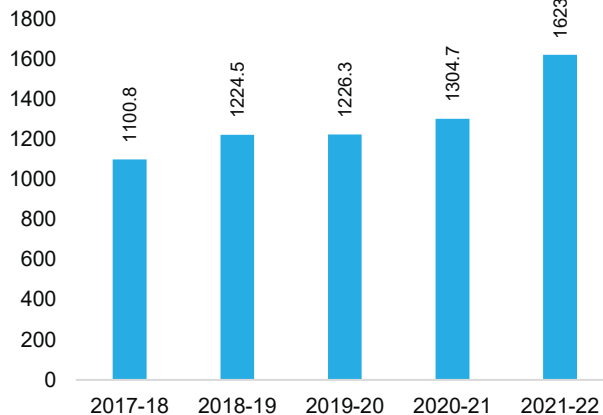
Particulars	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Total Revenue</b>	<b>1,623.2</b>	<b>1,304.7</b>	<b>1,226.3</b>	<b>1,224.5</b>	<b>1,100.8</b>
<b>PBIDT</b>	<b>151.2</b>	<b>93.3</b>	<b>106.0</b>	<b>142.5</b>	<b>128.0</b>
Depreciation	74.7	63.0	60.0	43.8	40.9
<b>PBIT</b>	<b>76.5</b>	<b>30.4</b>	<b>46.0</b>	<b>98.7</b>	<b>87.1</b>
Interest	36.7	35.0	27.2	23.1	17.2
<b>PBT</b>	<b>34.3</b>	<b>(8.8)</b>	<b>13.7</b>	<b>66.4</b>	<b>63.1</b>
Income Tax	5.8	(0.3)	2.2	14.0	14.2
Deferred Tax	5.6	(2.8)	(5.2)	3.6	(0.8)
<b>PAT</b>	<b>22.9</b>	<b>(5.8)</b>	<b>16.6</b>	<b>48.8</b>	<b>49.6</b>
Dividend (Including Tax)	2.7	4.1	5.7	12.3	18.7
Gross Fixed Assets (Incl. CWIP)	1,053.9	886.1	773.6	652.1	477.8
Net Fixed Assets (Incl. CWIP)	773.4	665.5	612.9	540.8	402.1
Net Current Assets*	183.9	238.8	179.5	173.5	185.7
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	588.8	564.9	572.0	566.8	530.7
Deferred Tax Liabilities	16.7	8.8	10.0	18.2	14.8
Total Loan Funds	549.0	501.0	406.1	339.6	253.7
<b>Key Ratios (%)</b>					
Operating Margin (PBIDT/Net Revenue)	9.3	7.2	8.6	11.6	11.6
ROCE (PBIT/Avg. Capital Employed)	6.6	2.9	4.8	11.5	11.1
RONW (PAT/Avg. Net Worth)	3.9	(1.0)	2.8	8.7	9.4
<b>Per Share Data (₹)</b>					
EPS	1.7	(0.4)	1.2	3.6	3.7
Cash EPS	7.2	4.2	5.7	6.9	6.7
Book Value	44.6	42.7	43.3	42.9	40.2
Dividend (%)	40	20	30	80	80
<b>Net worth</b>	<b>602.3</b>	<b>578.4</b>	<b>585.5</b>	<b>580.3</b>	<b>544.2</b>

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

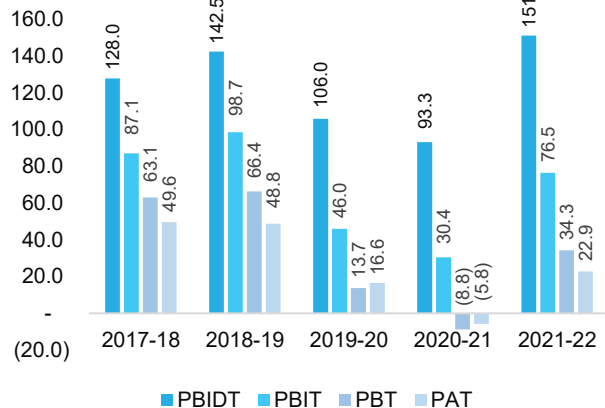


# Standalone

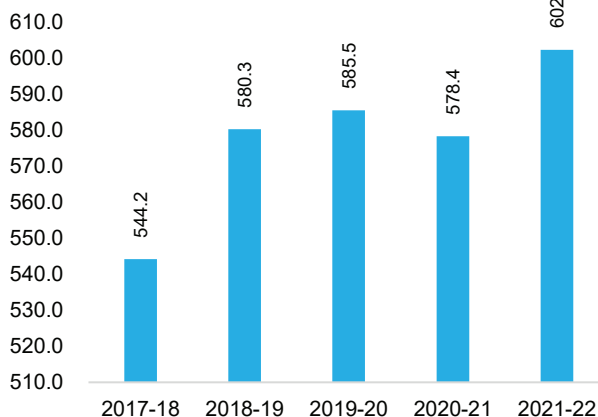
### Revenue (₹ in Crores)



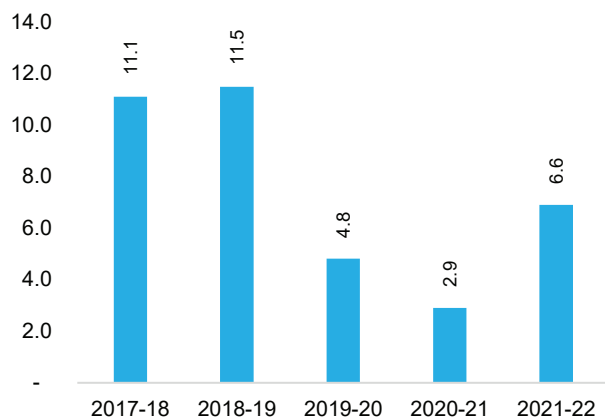
### Profitability (₹ in Crores)



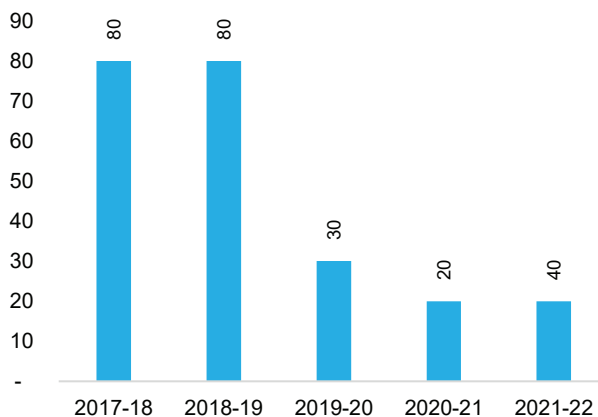
### Networth (₹ in Crores)



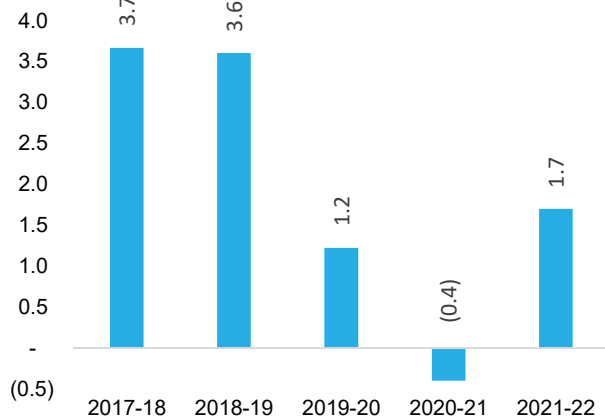
### ROCE (Percent)



### Dividend (Percent)



### EPS (₹)



# Financial Highlights

## Consolidated Group

(₹ in Crores)

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Total Revenue</b>	<b>1,878.9</b>	<b>1,488.4</b>	<b>1,423.8</b>	<b>1,412.1</b>	<b>1,225.5</b>
Rico Auto Industries Limited	1,623.2	1,304.7	1,226.3	1,224.5	1,100.8
Rico Auto Industries Inc. USA	168.9	133.6	138.5	140.5	140.7
Rico Auto Industries (UK) Limited, UK	5.2	5.9	5.9	97.3	83.9
Rico Fluidtronics Limited**	68.0	53.9	80.9	-	-
Rico Jinfei Wheels Limited#	221.1	149.7	119.7	136.5	111.3
Rasa Autocom Limited		55.3	72.5	53.1	32.9
Rico Aluminium and Ferrous Auto Components Limited	188.1	171.6	193.6	253.5	241.6
Rico Investments Limited	4.3	4.7	5.9	5.9	4.9
AAN Engineering Industries Limited	11.7	9.1	2.0	4.2	4.1
Rico Friction Technologies Limited\$	3.0	1.3	-	-	-
Less : Inter Company Sales	(414.6)	(401.3)	(421.5)	(503.4)	(494.7)
<b>Rico Group Consolidated</b>	<b>1,878.9</b>	<b>1,488.4</b>	<b>1,423.8</b>	<b>1,412.1</b>	<b>1,225.5</b>
PBIDT	176.9	107.1	136.5	166.2	150.2
PBIT	86.3	27.1	56.9	108.5	96.3
PBT	38.0	(15.9)	18.9	72.1	70.1
PAT	23.8	(14.1)	16.7	51.0	58.0
Gross Fixed Assets (Incl. CWIP)	1,262.7	1,070.7	967.3	832.3	614.1
Net Fixed Assets (Incl. CWIP)	899.7	782.0	754.9	685.4	515.2
Net Current Assets*	234.6	287.9	221.0	248.3	237.6
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	620.1	592.3	607.5	602.5	549.7
Deferred Tax (Assets)/Liabilities	2.5	(3.5)	(1.2)	7.4	3.3
Total Loan Funds	599.1	541.6	417.8	378.8	271.9
<b>Key Ratios (%)</b>					
Operating Margin (PBIDT/Net Revenue)	9.4	7.2	9.6	11.8	12.3
ROCE (PBIT/Avg. Capital Employed)	7.0	2.5	5.6	11.9	12.0
RONW (PAT/Avg. Net Worth)	3.8	(2.3)	2.7	8.7	10.7
<b>Per Share Data (₹)</b>					
EPS	1.8	(1.1)	1.2	3.7	4.3
Cash EPS	8.5	4.9	7.1	8.0	7.8
<b>Net worth</b>	<b>633.6</b>	<b>605.8</b>	<b>621.0</b>	<b>616.0</b>	<b>563.3</b>

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

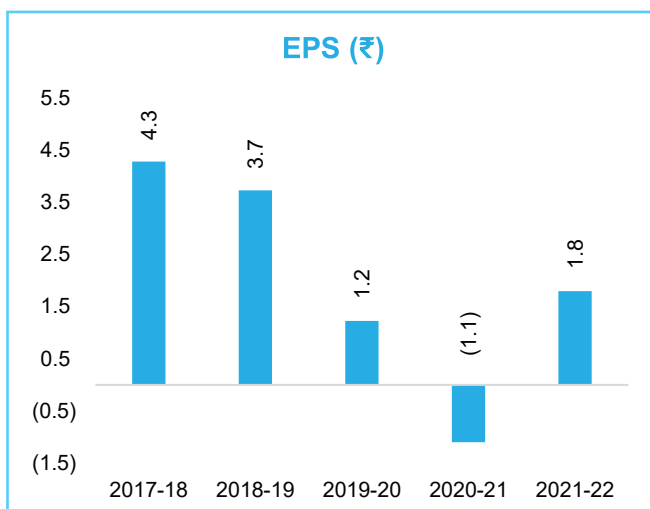
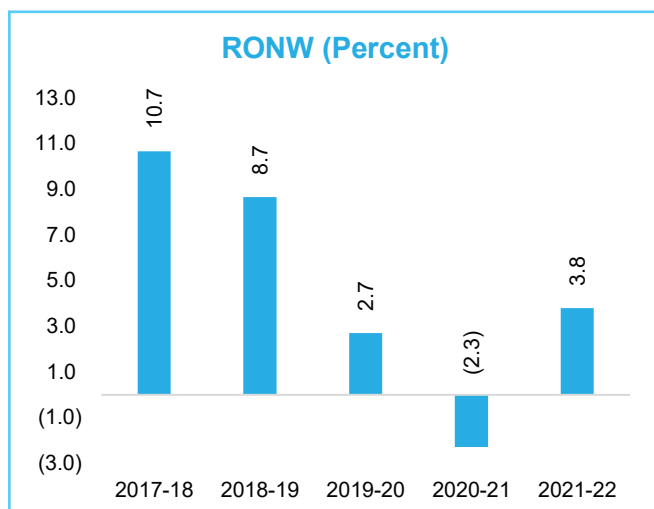
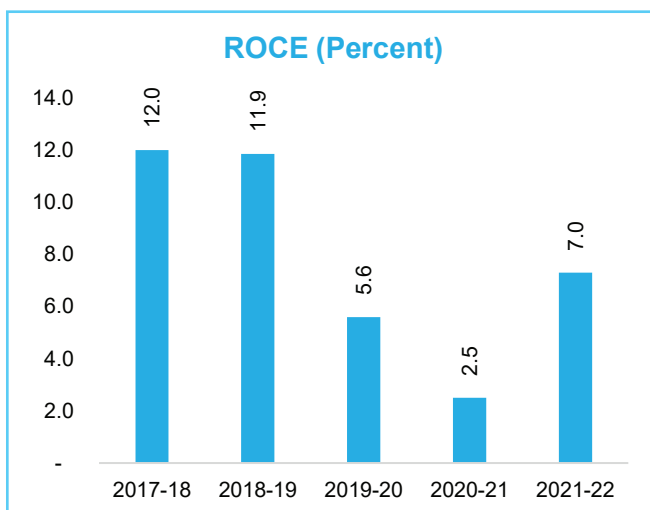
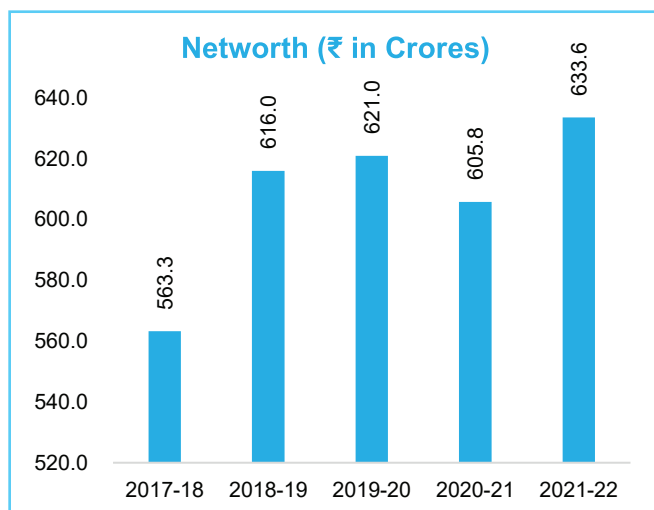
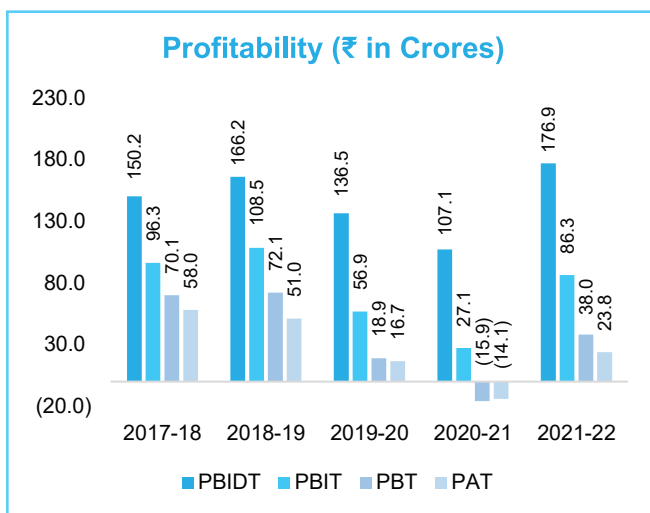
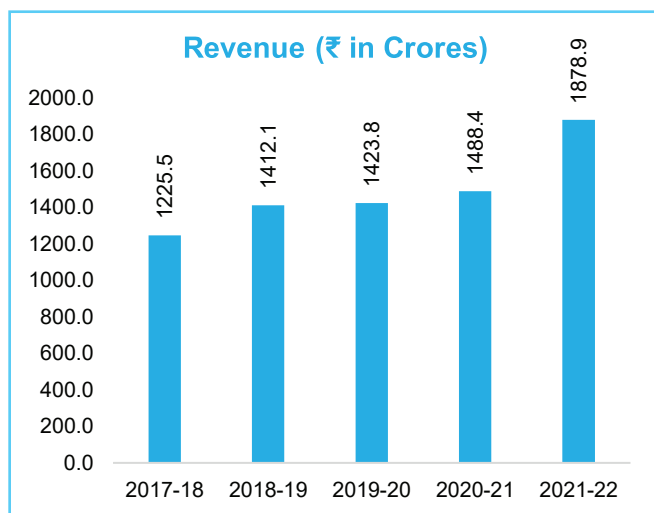
\*\* 50% Joint Venture till 29<sup>th</sup> March, 2019.

# Rico Auto through its subsidiaries holds 94.79 percent.

\$ 70% subsidiary w.e.f. 30<sup>th</sup> December, 2020.



# Consolidated Group



## From the **Chairman's Desk**

### Dear Shareholders,

The last few years have been filled with a lot of uncertainty at the macro level. While the global economy was slowly recovering from the ravages of the pandemic, the world was hit by yet another humanitarian crisis by way of the geopolitical conflict. While global growth is projected to slow down from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 & 2023, the good news for India is that there have been multilateral efforts across the globe to respond to the crisis as well as to prevent further economic fragmentation. Clearly it is our collective resilience that is driving us to the road to recovery from these major, unprecedented events.



The Indian economy has been slowly gaining momentum post the lockdown. The rising crude oil prices, however, has led to Moody's Investors Service lowering our growth forecast to 8.8% for the calendar year 2022. The agency has further maintained its 2023 growth forecast for India at 5.4%. Despite these cautious numbers, it is also a fact that the Indian Investment Cycle is gaining ground on account of strong credit growth, investment intentions expressed by the corporate sector and high capital budget allocation by the government.

In these challenging times, the Indian automotive industry has displayed a lot of resilience and has undergone sizeable transformation led by trends such as the growth of electric vehicles, leasing, autonomous, shared ownership as well as connected automobiles. Widespread digitization and latest technology adoption coupled with immense support from the government- be it in form of product-linked incentives (PLI) or scrappage and the electric vehicles policies- has given the industry the much needed impetus. According to IBEF report, the Indian auto industry is expected to record strong growth in 2022-23, post recovering from effects of COVID-19 pandemic. Electric vehicles, especially two-wheelers, are likely to witness positive sales in 2022-23. In fact, encouragingly, the electric vehicle (EV) market is estimated to reach Rs. 50,000 crore (US\$ 7.09 billion) in India by 2025 led by the two wheeler & three wheeler segment.

Keeping up with the accelerated phase of the industry, your company has devised a robust growth charter to help us meet our future goals. Our primary focus area remains digitization as well as offering our valued customers, innovative, technologically advanced and best-in-class products, especially in the domain of **EV & Electrified Vehicles**.

It fills me with immense pride to share with you the performance results for the financial year 2021-22. Your company's Consolidated Revenues stood at **Rs.1,879** crores for the fiscal with a Net Profit of **Rs.24** crores. Going forward, I strongly believe in your company's ability to keep learning and innovating as it drives digitization, expands to reach new customer bases and paves the path for E-mobility. We are confident that our commitment to uncompromising quality and innovation excellence will lead us to our vision of being the preferred supplier across the globe.

On behalf of the Board of Directors, I would take this opportunity to extend my gratitude to our valued customers, business associates, bankers and stakeholders who have always believed and trusted our vision. That you have stood strong with us, has kept us motivated to rise stronger and achieve new horizons of success. A humble thank you is also due to the team at RICO whose commitment and efforts have gone into adding value at each level of the value chain.

We solicit your cooperation and support on our future roadmap as well, while we remain committed to live up to the trust you have reposed in us.

**Arvind Kapur**

Chairman, CEO & Managing Director

# **RICO** Core Value

---

**EX**

## **EXCELLENCE**

The power of being the best

**C**

## **COMMITMENT**

The power of responsibility,  
accountability and ownership

**I**

## **INTEGRITY**

The power of honesty and  
transparency

**T**

## **TEAMWORK**

The power of working together

**E**

## **ENTREPRENEURSHIP**

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

# Key Milestones

2020-21	<ul style="list-style-type: none"> <li>Acquired 70% shareholding of Rico Friction Technologies Limited (formerly Matalart Friction Private Limited) consequently it became Subsidiary Company. This company manufactures Friction materials for Clutches and other applications</li> <li>Acquired 26% shareholding of M/s. Roop Ram Industries Private Limited to procure cost effective supply of Solar Power</li> </ul>	
2019-20	<ul style="list-style-type: none"> <li>Acquired shares of Magna Powertrain GMBH, Joint Venture Partner jointly with stepdown subsidiary Rasa Autocom Limited and renamed to Rico Fluidtronics Limited (formerly Magna Rico Powertrain Private Limited) &amp; thus became the Subsidiary Company</li> <li>Added new Plant at Halol (Gujarat) &amp; production started</li> </ul>	
2015-18	<ul style="list-style-type: none"> <li>Initiated After Market Business</li> <li>Added new Facilities/Plants at Bawal, Pathredi &amp; Chennai - IATF 16949</li> <li>Added Customers - Bentley, PSA, Daimler, Kia, Punch Powertrain</li> <li>NABL Accreditation of Rico Calibration and Testing Labs</li> </ul>	VDA 6.3 CAT SQEP Silver
2010-14	<ul style="list-style-type: none"> <li>Added new Facilities/Plants at Bhiwadi, Sanand, Haridwar &amp; Manesar</li> <li>Added Customers - Musashi, GKN, Toyota, VW, Kohler, Avtec</li> <li>Sold stake in JV company namely FCC Rico</li> </ul>	GM QSB
2007-09	<ul style="list-style-type: none"> <li>JV with Magna Powertrain (Oil Pump, Water Pump)</li> <li>JV with Jinfei China (Aluminium Alloy Wheels - 2 Wheelers)</li> <li>Added Customers - JATCO, Magna, Renault, BMW</li> </ul>	FORD Q1 CAT SQEP-Bronze
2003-06	<ul style="list-style-type: none"> <li>R&amp;D Center Started</li> <li>Added Customers - NISSAN, TATA (Small Car Project), Perkins</li> <li>Enhanced Ferrous and Aluminium Capacity</li> <li>Added Customers - GM, Caterpillar, Honeywell, Detroit Diesel, Volvo</li> </ul>	
2000-02	<ul style="list-style-type: none"> <li>Full Service Engineering Design Development Capability</li> <li>Added Customers - FORD, Land Rover, Jaguar</li> </ul>	TS 16949 ISO 14001 OHSAS 18001
1999-00	<ul style="list-style-type: none"> <li>Expansion of Aluminium Die Casting &amp; Machining (Gurugram)</li> </ul>	QS 9000
1994-96	<ul style="list-style-type: none"> <li>JV (50:50) FCC RICO (Clutch Assembly)</li> <li>Started Exports - GM, Eaton, Cummins</li> </ul>	
1990-92	<ul style="list-style-type: none"> <li>International Market OEM Supplier - MEC Japan</li> <li>New Plant for Ferrous Casting &amp; Machining (Gurugram) Focus - Maruti Suzuki</li> </ul>	ISO 9000
1985-86	<ul style="list-style-type: none"> <li>Technical Collaboration with FCC Japan for clutches</li> <li>Commercial Production Started (1986)</li> <li>Aluminium Die Casting &amp; Machining (Dharuhera) Focus - Hero Honda &amp; Maruti Suzuki</li> </ul>	



## Contents

Team & Corporate Information	2
Notice of Annual General Meeting	3
Directors' Report	24
Management Discussion and Analysis Report	33
Business Responsibility Report	38
Corporate Governance Report	44
Independent Auditors' Report (Standalone)	74
Standalone Financial Statements	81
Financial Statement of Subsidiaries/Joint Venture (AOC-1)	128
Independent Auditors' Report (Consolidated)	130
Consolidated Financial Statements	136

# Team & Corporate Information

## Board of Directors

Arvind Kapur	Chairman, CEO & MD
Kanwal Monga	Independent Director
Dr. Amarjit Chopra	Independent Director
Dr. Ashok Seth	Independent Director
Satish Sekhri	Independent Director
Rajeev Kapoor	Independent Director
Vinod Kumar Nagar	Independent Director
Sarita Kapur	Independent Director
Hemal Bharat Khandwala (w.e.f. 26.08.2022)	Independent Director
Kaushalendra Verma (w.e.f. 26.08.2022)	Executive Director
Rajiv Kumar Miglani (w.e.f. 26.08.2022)	Executive Director
Samarth Kapur (w.e.f. 26.08.2022)	Executive Director
Upasna Kapur (Upto 30.09.2022)	Non-Executive Director
Arun Kapur (Upto 25.08.2022)	Joint Managing Director

## Rico Executive Committee (REC)

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

## Advisors

O P Aggarwal  
N K Sethi

## Chief Financial Officer

Rakesh Kumar Sharma

## Company Secretary

B M Jhamb  
FCS No. 2446

## Bankers (in alphabetical order)

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

## Auditors (Upto 30.09.2022)

Walker Chandio & 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](http://www.ricoauto.in)

## Registrar & Transfer Agent

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



**RICO AUTO INDUSTRIES LIMITED**

CIN: L34300HR1983PLC023187

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

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 39<sup>th</sup> ANNUAL GENERAL MEETING of the Members of RICO AUTO INDUSTRIES LIMITED will be held on Friday, the 30<sup>th</sup> day of September, 2022 at 12.00 Noon through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt:
  - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 including the Reports of Directors' and Auditors' thereon; and
  - b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 including the Reports of Auditors' thereon.
2. To declare dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2022. The Board has recommended 40 per cent Dividend i.e. ₹0.40 (Forty paise) per Equity Share of ₹1/- each.
3. **Retirement of Directors by Rotation**  
To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
"Resolved that Mrs. Upasna Kapur (DIN: 00327461), a Director liable to retire by rotation, who does not seek re-election, be not re-appointed as a Director of the Company."  
"Resolved further that the vacancy, so created on the Board of Directors of the Company, be not filled."
4. **Appointment of Statutory Auditors and to fix their remuneration**  
To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
"Resolved that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022) be and are hereby appointed as Statutory Auditors of the Company, to hold such office for a term of five consecutive years i.e. from the conclusion of this 39<sup>th</sup> Annual General Meeting (AGM) till the conclusion of the 44<sup>th</sup> AGM of the Company, on such remuneration as may be mutually agreed between the Board of Directors or any Committee thereof, in place of retiring Statutory Auditors M/s. Walker Chandok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) who have completed their two terms of five consecutive years each as Statutory Auditors of the Company."

**SPECIAL BUSINESS****5. Ratification of Remuneration payable to Cost Auditors**

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

"Resolved that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act,

2013 and the rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the total remuneration of ₹1.50 lakhs (Rupees One lakh fifty thousand only) plus applicable taxes payable to M/s. MM & Associates, Cost Accountants (Firm Registration No. 000454), appointed by the Board of Directors of the Company, for carrying out Cost Audit of the Company be and is hereby ratified for the financial year 2022-23."

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

**6. Appointment of Shri Hemal Bharat Khandwala as an Independent Director**

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

"Resolved that pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment thereof for the time being in force] and pursuant to recommendation of the Nomination & Remuneration Committee and approval of the Board, Shri Hemal Bharat Khandwala (DIN: 05241590), who was appointed by the Board as an Additional Independent Director of the Company with effect from 26<sup>th</sup> August, 2022, and who holds office up to the date of this Annual General Meeting, being eligible for appointment as an Independent Director in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of the Company, not liable to retire by rotation and to hold such office for a term of 5 (Five) consecutive years from 26<sup>th</sup> August, 2022 to 25<sup>th</sup> August, 2027."

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

**7. Appointment of Shri Kaushalendra Verma as Whole-time Director designated as "Executive Director"**

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

"Resolved that pursuant to the provisions of Sections 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force) read with Articles of Association of the Company, Shri Kaushalendra Verma (DIN:02004259), who was appointed as an Additional Director and Whole-time Director designated as "Executive Director" of the Company with effect from 26<sup>th</sup> August, 2022 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a

notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

"Resolved further that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, approval of the Members of the Company be and is hereby accorded for the appointment of Shri Kaushalendra Verma (DIN:02004259), as the Whole-time Director, designated as "**Executive Director**" of the Company for a period of 3 (three) years with effect from 26<sup>th</sup> August, 2022 up to 25<sup>th</sup> August, 2025 upon the terms & conditions of appointment including the payment of remuneration, perquisites & other benefits, as set out in the Explanatory Statement annexed to the Notice of this Meeting."

"Resolved further that the terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year or years, the remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to Shri Kaushalendra Verma, **Executive Director**, without requiring any further resolution or consent of or reference to the Members."

"Resolved further that the Board of Directors, based on the recommendation of Nomination & Remuneration Committee, be and is hereby authorised to vary or modify any of the terms & conditions including any alteration, variation or increase the salary, grade, designation and other remuneration of Shri Kaushalendra Verma, **Executive Director**, notwithstanding the same shall exceed the limits of managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time, without requiring any further resolution or consent of or reference to the Members and to take all necessary steps, actions, which are incidental and consequential to give effect to the resolution."

"Resolved further that the Chairman & Managing Director or Company Secretary of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. **Appointment of Shri Rajiv Kumar Miglani as Whole-time Director designated as "Executive Director"**

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

"Resolved that pursuant to the provisions of Sections 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force) read with Articles of Association of the Company, Shri Rajiv Kumar Miglani (DIN: 06873155), who was appointed as an Additional Director and Whole-time Director designated as "**Executive Director**" of the Company with effect from 26<sup>th</sup> August, 2022 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company

has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

"Resolved further that in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, approval of the Members of the Company be and is hereby accorded for the appointment of Shri Rajiv Kumar Miglani (DIN: 06873155), as the Whole-time Director designated as "**Executive Director**" of the Company, for a period of 3 (three) years with effect from 26<sup>th</sup> August, 2022 up to 25<sup>th</sup> August, 2025 upon the terms & conditions of appointment including the payment of remuneration, perquisites & other benefits, as set out in the Explanatory Statement annexed to this Notice."

"Resolved further that the terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year or years, the remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to Shri Rajiv Kumar Miglani, **Executive Director**, without requiring any further resolution or consent of or reference to the Members."

"Resolved further that the Board of Directors, based on the recommendation of Nomination & Remuneration Committee, be and is hereby authorised to vary or modify any of the terms & conditions including any alteration, variation or increase the salary, grade, designation and other remuneration of Shri Rajiv Kumar Miglani, **Executive Director**, notwithstanding the same shall exceed the limits of managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time, without requiring any further resolution or consent of or reference to the Members and to take all necessary steps, actions, which are incidental and consequential to give effect to the resolution."

"Resolved further that the Chairman & Managing Director or Company Secretary of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. **Appointment of Shri Samarth Kapur as Whole-time Director designated as "Executive Director"**

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

"Resolved that pursuant to the provisions of Sections 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force) read with Articles of Association of the Company, Shri Samarth Kapur (DIN: 01525517), who was appointed as an Additional Director and Whole-time Director designated as "**Executive Director**" of the Company with effect from 26<sup>th</sup> August, 2022 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in

writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

“Resolved further that in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) (the “Act”) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, approval of the Members of the Company be and is hereby accorded for the appointment of Shri Samarth Kapur (DIN: 01525517), as the Whole-time Director, designated as “**Executive Director**” of the Company, for a period of 3 (three) years with effect from 26<sup>th</sup> August, 2022 up to 25<sup>th</sup> August, 2025 upon the terms & conditions of appointment including the payment of remuneration, perquisites & other benefits, as set out in the Explanatory Statement annexed to the Notice of this Meeting.”

“Resolved further that the terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year or years, the remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to Shri Samarth Kapur, **Executive Director**, without requiring any further resolution or consent of or reference to the Members.”

“Resolved further that the Board of Directors, based on the recommendation of Nomination & Remuneration Committee, be and is hereby authorised to vary or modify any of the terms & conditions including any alteration, variation or increase the salary, grade, designation and other remuneration of Shri Samarth Kapur, **Executive Director**, notwithstanding the same shall exceed the limits of managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time, without requiring any further resolution or consent of or reference to the Members and to take all necessary steps, actions, which are incidental and consequential to give effect to the resolution.”

“Resolved further that the Chairman & Managing Director or Company Secretary of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### 10. **Approval of payment of Remuneration to Shri Arvind Kapur, Chairman, CEO & Managing Director**

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

“Resolved that pursuant to the provisions of Sections 197, 198 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder [including any statutory modification(s) or re-enactment thereof for the time being in force] and subject to the approval of the Central Government and other statutory approvals, if any, the consent of the Company be and is hereby accorded to the payment of remuneration to Shri Arvind Kapur (DIN:00096308), Chairman, CEO & Managing Director of the Company for remaining tenure of his service w.e.f. 17<sup>th</sup> December, 2022 to 16<sup>th</sup> December, 2024 on the following terms and conditions:

#### 1. **Salary, Allowances & Perquisites not to exceed as under:**

Particulars	Amount
From 17/12/2022 to 16/12/2023	₹9.00 Crores Per Annum
From 17/12/2023 to 16/12/2024	₹10.00 Crores Per Annum

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

The said allowances and perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force]. However, the Company's Contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961, Gratuity, if payable, under the Company's rules shall not exceed half a month's salary for each completed year of service, Earned Leave and its Encashment on full pay and allowances as per the rules of the Company. Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

#### 2. **Commission: Payment of commission based on net profits of the Company in a particular year not exceeding above remuneration, as may be determined by the Nomination and Remuneration Committee and Board of Directors of the Company, in compliance with the applicable provisions of the Companies Act, 2013.**

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

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

“Resolved further that the Board of Directors (including any Committee of Directors) be and are hereby authorized to alter, vary and/or revise the remuneration of Shri Arvind Kapur,

Chairman, CEO & Managing Director within the overall limits as approved above under the Companies Act, 2013 and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable and to settle any question that may arise in relation thereto, in order to give effect to this resolution."

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

**B.M. Jhamb**

Place : Gurugram  
Date : August 25, 2022

Company Secretary  
FCS No. 2446

#### NOTES:

1. **The Ministry of Corporate Affairs ("MCA") has vide its general circular No. 20/2020 dated 5<sup>th</sup> May, 2020, general circular No. 02/2021 dated 13<sup>th</sup> January, 2021, general circular No. 19/2021 dated 8<sup>th</sup> December, 2021, general circular No. 21/2021 dated 14<sup>th</sup> December, 2021, general circular No. 02/2022 dated 5<sup>th</sup> May, 2022 and Securities and Exchange Board of India ("SEBI") vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 read with SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 (hereinafter collectively referred to as "Circulars") permitted to hold the Annual General Meeting ("AGM") through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of Members at a common venue. Accordingly, in compliance with the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the AGM of the Company is being held through VC/OAVM on Friday, the 30<sup>th</sup> day of September, 2022 at 12.00 Noon (IST). The deemed venue of the AGM shall be the Registered Office of the Company.**
2. Since this AGM will be conducted through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Representatives of the Corporate Members may be appointed for the purpose of voting through remote e-voting, for participation in the 39<sup>th</sup> AGM through VC/OAVM Facility and e-voting during the AGM. Corporate Members intending to attend the AGM are required to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at this AGM by e-mail at **cs.vimalchadha@gmail.com** or **cs@ricoauto.in**.
4. Quorum will be counted as one vote for every Client Id/Folio Number irrespective of the number of joint holders.
5. Attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. The Director seeking appointment is not debarred from holding the Office of Director pursuant to any SEBI Order. The information/details as required by the Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings in respect of Director seeking appointment at ensuing 39<sup>th</sup> AGM are given in Annexure-A.
7. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, concerning the Special Business in the Notice is annexed and forms part of this Notice.
8. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of commencement of the Meeting by following the procedure mentioned elsewhere in the Notice.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from 24<sup>th</sup> September, 2022 to 30<sup>th</sup> September, 2022 (both days inclusive).
10. Dividend as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2022, when declared at the AGM, will be paid:
  - a) to those Members whose names appear in the Register of Members of the Company on 23<sup>rd</sup> September, 2022; and
  - b) in respect of shares held in electronic form, to those Beneficial Owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 23<sup>rd</sup> September, 2022.

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

Resident individual shareholders who are not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H along with a self-attested copy of their Permanent Account Number (PAN) card, to avail the benefit of non-deduction of tax at source by sending to the Company at **cs@ricoauto.in** by 23<sup>rd</sup> September, 2022 up to 5.00 P.M. (IST). Shareholders are requested to note that in case their PAN is not registered or having invalid PAN, the tax will be deducted at a higher rate of 20 per cent. Further, no TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to resident individual shareholder does not exceed ₹5,000/- (Rupees Five thousand only).

Non-resident shareholders [including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. The aforesaid declarations and documents are required to be sent to the Company at **cs@ricoauto.in** by 23<sup>rd</sup> September, 2022 up to 5.00 P.M. (IST). Further, TDS will be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the Income-tax Act, 1961, if such valid certificate is provided.

For details, members may refer to "Communication on TDS on Dividend Distribution" appended to this Notice of 39<sup>th</sup> AGM.

12. The SEBI vide its circular dated 20<sup>th</sup> April, 2018 has mandated all Companies to credit the dividends electronically to the



Member's Bank Account. Members holding shares in physical form, who have not yet forwarded their bank details are requested to furnish a copy of original cancelled cheque leaf/ attested bank passbook showing name of the account holder and other details viz. Account No., IFS Code and MICR Code to the Company/Registrar & Share Transfer Agent (RTA) of the Company. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their Bank Particulars & Bank Mandates, nomination details and address to their Depository Participant (DP).

13. a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 (the Act), the amount of dividend which remains unpaid/unclaimed for a period of 7 years is required to be transferred to the "Investor Education and Protection Fund" (IEPF). As such, Member(s) who have not yet encashed their dividend are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company from the financial year 2014-15 or any subsequent financial years. It may be noted that once the unclaimed dividend is transferred, on the expiry of seven years, to the IEPF, as stated herein, no claim shall lie against the Company in respect thereof.

The amount of unpaid or unclaimed dividend upto the financial year ended 31<sup>st</sup> March, 2014, have already been transferred to the IEPF.

- b) Pursuant to Rule 5(8) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your Company has uploaded the details of amount of Dividend lying unclaimed/un-encashed as on 31<sup>st</sup> March, 2021, on the website of MCA as well as on its own website: <https://www.ricoauto.in/investor-relation.html>.
- c) Attention is drawn to the provisions of Section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 which require a Company to transfer all shares in respect of which dividends has not been paid or claimed for 7 (seven) consecutive years or more to the DEMAT Account of IEPF Authority.

Accordingly, the Company during the financial year 2021-22 had transferred 11090 shares pertaining to the financial year 2013-14 to the IEPF Authority within the stipulated time period.

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

Further, all the shareholders who have not claimed/ encashed their dividends in the last seven consecutive years from 2015 are requested to claim the same. The concerned Members are requested to verify the details of their unclaimed amounts, if any, from the website of the Company and IEPF and write to the Company or the Company's Registrar before the same becoming due for transfer to the IEPF Authority. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF Authority.

14. Members must quote their Folio No./DP ID/Client Id No. and contact details such as e-mail Id, Mobile No./Phone No. etc. in all correspondence with the Company/RTA. Members are also requested to notify change in their contact details, if any.
15. As per the Circulars issued by the Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transmission or transposition of shares in physical form. Therefore, the Members are requested to furnish a self-attested copy of their PAN Card to the Company/RTA.
16. As per Regulations 39 and 40 of the Listing Regulations, as amended, listed companies can effect issuance of duplicate securities certificate; renewal/exchange, endorsement, sub-division/split, consolidation of securities certificate; transfer, transmission and transposition, as applicable in Dematerialised form only with effect from 24<sup>th</sup> January, 2022.

Further, SEBI vide its circular dated 3<sup>rd</sup> November, 2021, read with clarification dated 14<sup>th</sup> December, 2021 introduced common and simplified norms for processing investor's service request by Registrar and Transfer Agent(s) (RTAs) and norms for furnishing PAN, KYC details and Nomination. Accordingly, effective 1<sup>st</sup> January, 2022, the RTA shall not process any service requests or complaints received from the holder(s)/ claimant(s), till PAN, KYC and Nomination documents/details are updated. On or after 1<sup>st</sup> April, 2023, in case of any of the above cited documents/details are not available in the folios, RTA shall be constrained to freeze such folios. The Company has sent individual letters to all the Members holding shares of the Company in physical form for furnishing the aforesaid details. In view of this requirement and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to update their KYC details (through Form ISR-1, Form ISR-2 and Form ISR-3, as applicable) and consider converting their holdings to dematerialized form. As per the provisions of the Companies Act and applicable SEBI Circular, Members holding shares in physical form may file nomination in the prescribed Form SH-13 or make changes to their nomination details through Form SH-14 and Form ISR-3 with MCS Share Transfer Agent Limited, Registrar and Transfer Agent. In respect of shares held in dematerialised form, the nomination form may be filed with the respective DPs. The relevant forms are available on the website of the Company at <https://www.ricoauto.in/investor-relation.html>.

17. All the documents referred in the Notice and the Explanatory Statement shall be available for inspection through electronic mode. All shareholders will be able to inspect all documents referred to in the Notice electronically without any fee from the date of circulation of this Notice up to the date of AGM. Members seeking inspection of such documents can send an e-mail to [cs@ricoauto.in](mailto:cs@ricoauto.in).
18. The extract of the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection during the AGM upon login to NSDL e-voting system at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
19. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies, the Notice of the 39<sup>th</sup> AGM and the Annual Report including the Audited Financial Statements for the financial year 2021-22 are being sent only through

electronic mode to those Members whose e-mail Ids are registered with the Company/RTA/Depositories. Members may note that the Notice and Annual Report will also be available on the website of the Company at <https://www.ricoauto.in/investor-relation.html>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). Any Member/s requiring the hard copy of Annual Report may kindly send an email from the registered email Id at [cs@ricoauto.in](mailto:cs@ricoauto.in) or send a duly signed request in original at the registered office of the Company.

20. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended to date, and the Circulars issued by the MCA and SEBI, the Company is pleased to provide to its Members, a facility to exercise their right to vote on resolutions proposed to be considered and passed at the ensuing 39<sup>th</sup> AGM by electronic means and the business may be transacted through remote e-voting services. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by the Member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:**

- A) The remote e-voting period commences on Tuesday, 27<sup>th</sup> September, 2022 (9.00 a.m. IST) and ends on Thursday, 29<sup>th</sup> September, 2022 (5.00 p.m. IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, 23<sup>rd</sup> September, 2022, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- B) The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the AGM.
- C) The Member(s) who receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/RTA/Depository) is advised to take the following steps for casting his/her vote by remote e-voting

**The process and manner for remote e-voting are as under:**

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

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





**Step 1: Access to NSDL e-voting system**  
<https://www.evoting.nsdl.com>

**A) Login method for e-voting for Individual shareholders holding securities in demat mode:**

In terms of SEBI circular dated 9<sup>th</sup> December, 2020 on e-voting facility provided by the Listed Companies, Individual shareholders holding securities in demat

mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail Id in their demat accounts in order to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-services website of NSDL viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-services home page click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under 'IDeAS' section, this will prompt you to enter your existing User Id and Password. After successful authentication, you will be able to see e-voting services under value added services. Click on <b>"Access to e-voting"</b> under e-voting services and you will be able to see e-voting page. Click on Company name or e-voting service provider i.e. NSDL and you will be re-directed to <b>e-voting website of NSDL</b> for casting your vote during the remote e-voting period.</li> <li>If you are not registered for IDeAS e-services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select <b>"Register Online for IDeAS Portal"</b> or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-voting website of NSDL. Open web browser by typing the URL:<a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You have to enter your User Id (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on Company name or <b>e-voting service provider i.e. NSDL</b> and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.</li> <li>Shareholders/Members can also download NSDL Mobile App <b>"NSDL Speed-e"</b> facility by scanning the QR code mentioned below for seamless voting experience. <b>NSDL Mobile App is available on</b>  <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">    </div> <div style="text-align: center;">    </div> </div> </li> </ol>



Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi/Easiest, they can login through their user Id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the e-voting Menu. The Menu will have links of <b>e-voting service provider</b> i.e. <b>NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-voting is in progress..</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on Company name or e-voting service provider i.e. <b>NSDL</b> and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.

**Important note:** Members who are unable to retrieve User Id/ Password are advised to use Forget User Id and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990</b> and <b>1800 22 44 30</b>
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022- 23058738</b> or <b>022-23058542-43</b>

**B) Login Method for e-voting shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:**

#### How to Login to NSDL e-voting website?:

- Visit the e-voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsdl.com> either on a personal computer or on a mobile.
- Once the home page of e-voting system is launched, click on the icon “**Login**” which is available under ‘**Shareholders/Member**’ section.
- A new screen will open. You have to enter your User Id, Password/OTP and a Verification Code as shown on the screen.  
  
Alternatively, if you are registered for NSDL e-services i.e. **IDEAS**, you can login at <https://e-services.nsdl.com> with your existing **IDEAS** login. Once you login to NSDL e-services after using your login credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.
- Your User Id details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User Id is:
a) For Members who hold shares in demat account with NSDL	8 Character DP Id followed by 8 Digit Client Id. For example if your DP Id is IN300*** and Client Id is 12***** then your user Id is IN300***12*****.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary Id. For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company. For example if folio number is 001*** and EVEN is 121800 then user ID is 121800001***

- Your password details are given below:
  - If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - How to retrieve your ‘initial password’?
    - If your e-mail Id is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your e-mail Id. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a pdf file. The password to open the pdf file is your 8-digit Client Id for NSDL account, last 8 digits of Client Id for CDSL account or folio number for shares held in physical form. The pdf file contains your ‘User Id’ and your ‘Initial Password’.

- ii) The Member(s) whose e-mail Id is not registered with the Company/ Depository Participants, and they are not having their user Id and password, may obtain a login Id and password for casting his/her vote by remote e-voting by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or by contacting NSDL at the toll free no. **1800-1020-990** mentioning their Demat Account No./Folio No.
- VI. If you are unable to retrieve or have not received the "Initial Password" or have forgotten your password:
- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
- VII. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- VIII. Now, you have to click on "Login" button.
- IX. After you click on the "Login" button, Home page of e-voting will open.

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

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

- I. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- II. Select "EVEN" of **Rico Auto Industries Limited** which is 121800. You wish to cast your vote during the remote e-Voting period and casting your vote during the AGM. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
- III. Now you are ready for e-voting as the voting page opens.
- IV. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- V. Upon confirmation, the message "Vote cast successfully" will be displayed.
- VI. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- VII. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

##### **General Guidelines for Shareholders:**

- I. Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) are requested to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of

the duly authorized signatory(ies) who are authorized to vote and attend the AGM, to the Scrutinizer through e-mail at [cs.vimalchadha@gmail.com](mailto:cs.vimalchadha@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/Power of Attorney/Authority Letter etc. by clicking on "Upload Board Resolution/Authority Letter" displayed under "e-Voting" tab in their login.

- II. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

##### **Process for those shareholders whose e-mail Ids are not registered with the depositories/company for procuring user Id and password and registration of e-mail Ids for e-voting for the resolutions set out in this notice:**

- I. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to [cs@ricoauto.in](mailto:cs@ricoauto.in).
- II. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary Id), Name, client master or copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cs@ricoauto.in](mailto:cs@ricoauto.in). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
- III. Alternatively, Members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

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

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

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

- I. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
  - II. Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  - III. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  - IV. Members who would like to express their views/ask questions during the meeting will be required to register themselves as speaker by sending their request from their registered e-mail Id, mentioning their name, DP Id and Client Id/Folio Number, Mobile Number etc. at cs@ricoauto.in by 23<sup>rd</sup> September, 2022.
  - V. Only those Members who have registered themselves as speaker by 5.00 PM on 23<sup>rd</sup> September, 2022 will be able to speak at the meeting depending on availability of time.
  - VI. Further, Members who would like to have their questions/queries responded during the AGM are requested to send such questions/queries in advance within the aforesaid date and time, by following similar process as stated above.
- D) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital in the Company as on cut-off date i.e. Friday, 23<sup>rd</sup> September, 2022.
  - E) A person, who acquire shares of the Company and become Member of the Company after the Company sends the Notice of 39<sup>th</sup> AGM by e-mail and holds shares on cut-off date i.e. Friday, 23<sup>rd</sup> September, 2022 may obtain login Id and password by sending a request at evoting@nsdl.co.in.
  - F) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through e-voting.
  - G) The e-voting process shall be conducted and scrutinized and report thereon will be prepared in accordance with the provisions of Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.
  - H) Shri Vimal Chadha, of M/s. Vimal Chadha & Associates, Company Secretaries (CP No.18669, FCS No.5758), has been appointed by the Board of Directors of the Company as Scrutinizer to scrutinize

the e-voting process in a fair and transparent manner.

- I) The Chairman shall, at the AGM, at the end of discussion on the resolutions allow e-voting, for all those Members who are participating in the AGM but have not cast their votes through the remote e-voting facility.
- J) The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, unblock the votes cast through remote e-voting in presence of 2 (two) witnesses, who are not in employment of the Company and shall make, within two working days of the conclusion of the AGM, a Consolidated Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

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

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

**Item No.3**

This explanatory statement is provided though strictly not required as per Section 102 of the Companies 2013.

Mrs. Upasna Kapur joined the Company's Board in 19<sup>th</sup> June, 2015 as a Non-Executive Non-Independent Director.

In terms of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Upasna Kapur is due to retire by rotation at this meeting. However, to make way for induction of professional Directors, she has expressed her desire not to offer herself for re-appointment, resulting in a vacancy on the Board; and, the Board has resolved, subject to approval of Members, that the vacancy in the Board so created shall not be filled. The Board recommends the resolution for your approval.

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

**Item No.4**

**Appointment of Statutory Auditors and to fix their remuneration**

This explanatory statement is provided though strictly not required as per Section 102 of the Companies 2013.

As per Section 139 of the Companies Act, 2013 (the Act), no listed Company can re-appoint an audit firm as Auditors for more than two terms of five consecutive years each. M/s. Walker Chandok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) have completed their two terms of five consecutive years each as Statutory Auditors of the Company.

M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022) provided a certificate to the effect that their appointment, if made, shall be in accordance with the conditions laid down in the Act and they satisfy the criteria provided under Section 141 of the Act. Accordingly, the approval of the Members is being sought by means of an Ordinary Resolution for the appointment of M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022), as the Statutory Auditors of the Company for a period of five consecutive years effective from the conclusion of this AGM till the conclusion of the 44<sup>th</sup> AGM.

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

The Board, therefore, recommends the appointment of Statutory Auditors of the Company as set out in the Ordinary Resolution at Item No.4 for your approval.

#### Item No.5

##### **Ratification of Remuneration payable to Cost Auditors**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Board, based on the recommendation of the Audit Committee, at its meeting held on 8<sup>th</sup> August, 2022, has approved the appointment of M/s. MM & Associates, Cost Accountants (Firm Registration No. 000454), as the Cost Auditors of the Company for carrying out Cost Audit of the Company for the financial year 2022-23 on a total remuneration of ₹1.50 lakhs (Rupees One lakh fifty thousand only) plus applicable tax. The remuneration payable to the Cost Auditors is required to be ratified by the Members in accordance with the provisions of the Act and Rules made thereunder. Accordingly, the consent of the Members is being sought for ratification of the remuneration payable to Cost Auditors for the financial year 2022-23.

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

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

#### Item No.6

##### **Appointment of Shri Hemal Bharat Khandwala as an Independent Director**

The Board of Directors, based on the recommendation of the Nomination & Remuneration Committee, has appointed Shri Hemal Bharat Khandwala (DIN:05241590) in the category of Independent Director of the Company for a term of five years w.e.f. 26<sup>th</sup> August, 2022 subject to approval of the Members at the ensuing Annual General Meeting.

Shri Hemal is a B.Tech (Electronics) with a double masters in Electronic Engineering and Applied Mathematics & Statistics from Stonybrook University, New York, USA. He has worked at institutions both globally and in India with Cummins Inc. USA, Kepler Asset Management LLC, Bombay Stock Exchange, Motilal Oswal AMC to name a few.

Shri Hemal is an advisor in the areas of financial management, business strategy, decision making, and valuation with over 15 years of experience. He has deployed his expertise at various public and private enterprises to help them develop winning business models that can create sustainable value for its promoters along with all stakeholders.

With approx. 10 years of experience in teaching, both in the USA and in India, across subjects like Differential Calculus, Financial Accounting & Management and Business Plan Development he brings in a rich blend of experience and new thinking to his performance. Shri Hemal holds two publications to his name in the fields of Banking and monetary policy. One of his publications has been co-authored with Dr. Viral Acharya, the Deputy Governor of the Reserve Bank of India.

Shri Hemal is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 (the Act) and not debarred from holding the Office of Director pursuant to any

SEBI Order. He has given his consent to act as Director alongwith declaration(s) that he meets with the criteria of independence as prescribed under Section 149 of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations). Further, he has also given a declaration affirming that he has registered himself with the Indian Institute of Corporate Affairs and his name is appearing in the Independent Director's data bank.

In the opinion of the Board, Shri Hemal fulfills the conditions for appointment as an Independent Director as specified in the Act as well as in the Listing Regulations and is independent of the management. The Board of Directors at its meeting held on 25<sup>th</sup> August, 2022, on the recommendation of the Nomination & Remuneration Committee, considered that given to his knowledge and experience, his association would be of immense benefit to the Company and it is desirable to appoint Shri Hemal as an Independent Director. It is therefore, proposed that Shri Hemal be appointed as an Independent Director for first term of 5 (Five) consecutive years from 26<sup>th</sup> August, 2022 to 25<sup>th</sup> August, 2027.

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

Except Shri Hemal Bharat Khandwala, being an appointee and his relatives (to the extent of their shareholding, if any), none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the proposed resolution.

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

#### Item No.7

##### **Appointment of Shri Kaushalendra Verma as Whole-time Director designated as "Executive Director"**

The Board of Directors on the recommendation of Nomination & Remuneration Committee has appointed Shri Kaushalendra Verma (DIN: 02004259) as an additional director under Section 161(1) of the Companies Act, 2013 (the Act) and in accordance with the Articles of Association, with effect from 26<sup>th</sup> August, 2022.

In terms of Section 161(1) of the Act, Shri Kaushalendra Verma holds office only up to the date of the forthcoming AGM and is eligible for appointment as a Director. The Company has received a Notice under Section 160(1) of the Act from a Member signifying his intention to propose Shri Kaushalendra Verma's appointment as a Director.

The Board has also appointed Shri Kaushalendra Verma as a Whole-time Director designated as "Executive Director" of the Company on the recommendation of Nomination & Remuneration Committee for a period of three years from 26<sup>th</sup> August, 2022 up to 25<sup>th</sup> August, 2025, upon the terms & conditions hereinafter indicated, subject to approval of the Members.

Shri Kaushalendra Verma has more than 30 years of experience, in Profit Centre Management, Business Development, Technology Transfers, Greenfield Projects, Program Management, Manufacturing Engineering, Manufacturing and Quality Assurance. He possesses strong leadership skills in planning, organizing, systematic analysis, people management, and team building. He can lead and motivate a large team of people, streamlining workflow and creating an



environment for teamwork to enhance productivity. He is associated with Rico Group for the last 14 years and manages multi location plants. He is Managing Director of Rico Fluidtronics Limited.

Shri Verma is well versed in the concept of Lean manufacturing and has implemented its tools to improve operational efficiencies, decrease capital investment and maximize the enterprise's profitability. He has good knowledge of procurement processes – sourcing of capital machinery and equipment, raw materials, and components from local and overseas suppliers as well as policies and procedures related to foreign trade.

He has spent 21 years (March, 1997 to June, 2019) as Country Head/ Managing Director with Delphi Automotive Systems, Magna Powertrain Inc. and Magna Rico Powertrain Pvt. Ltd. leading a Profit & Loss role for a region, responsible for business strategy for entry and growth in the region. From September, 1994 to March, 1997 he was associated with Northwest Switch Gears Limited and Minda HUF Limited. He started his career by joining DLF Industries Ltd. as Graduate Engineering Trainee in March, 1991 and served in various capacities till 1993.

He is presently serving as Director on the Board of Rico Jinfei Wheels Limited, Rico Friction Technologies Limited and Rico Care Foundation.

He completed B.E. in Industrial Engineering from Nagpur University in 1991. He has been part of multiple Senior Executive Programs:

- A two-week Leadership enhancement program at Hong Kong from Ross School of Business, University of Michigan;
- A two-week workshop on Lean Manufacturing at La Rochelle, France on implementing lean to meet business objectives, and developing solutions that improve operational efficiencies; and
- Manufacturing Academy - Two Week workshop at Shanghai, China on understanding of Kaz Nakada manufacturing tools for lean implementation.

The principal terms and conditions of appointment are as follows:

1. Period of Appointment: Three years commencing from 26<sup>th</sup> August, 2022.
2. Remuneration: In consideration of the performance of his duties, the Company shall pay to Shri Kaushalendra Verma the following remuneration with such increments as may be recommended by the Nomination & Remuneration Committee and thereafter approved by the Board from time to time. The gross remuneration shall be categorized as follows:
  - a) Basic Salary: In the range of ₹2,00,000/- (Rupees two lakhs only) per month to ₹5,00,000/- (Rupees five lakhs only) per month. The increment as and when recommended by the Nomination & Remuneration Committee thereafter approved by the Board shall be merit based and will take into account the performance of the appointee as well as that of the Company.
  - b) House Rent Allowance (HRA): 50% of the Basic Salary.
  - c) Perquisites & Allowances: Other allowances & perquisites like Conveyance Allowance, Uniform Allowance, Special Allowance(s), Leave Travel Allowance (LTA), Medical Allowance, Bonus, Contribution to Provident Fund, Gratuity, Leave and Leave Encashment etc. and other allowances for such amount as per the rules and policies of the Company.

- d) Performance Incentive: As per the rules and policies of the Company.
- e) Amenities: Conveyance facilities, Telephone, Internet and other communication facilities as per the rules and policies of the Company.
3. The Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.
4. Overall Remuneration: The aggregate of Basic Salary, HRA, Perquisites & Allowances, Performance Incentive, Amenities in any one financial year shall not exceed the limits prescribed under Section 197, 198 and other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act or any modifications or re-enactment for the time being in force.
5. Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the appointee, the payment of Basic Salary, HRA, Perquisites & Allowances, Amenities shall be considered as minimum remuneration and governed by the Schedule V of the Companies Act, 2013 as may be for the time being in force.
6. Income-Tax in respect of the above remuneration will be deducted at source as per the applicable Income Tax Laws/Rules.
7. He shall carry-out such functions, exercise such powers and perform such duties as the Board of Directors or the Chairman & Managing Director from time to time in its absolute discretion determine and entrust to him.
8. The appointment may be terminated by either party by giving to the other party three calendar months' notice in writing.
9. The terms & conditions of appointment and the payment of remuneration to Executive Director may be varied, altered, increased, enhanced or widened from time to time by the Board as it may be deem fit and in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard and within the overall approval given by the Members.
10. The above may be treated as a written memorandum setting out the terms & conditions of appointment of Shri Kaushalendra Verma under Section 190 of the Act.
11. The Nomination & Remuneration Committee and the Board of Directors are of the opinion that Shri Kaushalendra Verma's vast knowledge and varied experience will be of great value to the Company and has recommended the Resolution at Item No.7 of the Notice relating to his appointment as Whole-time Director, designated as **"Executive Director"** of the Company for a period of three years w.e.f. 26<sup>th</sup> August, 2022 upto 25<sup>th</sup> August, 2025 as a Special Resolution for your approval.
12. In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the terms of remuneration specified above are now being placed before the Members for their approval.

Except Shri Kaushalendra Verma, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the proposed resolution.

The Board, therefore, recommends the Special Resolution as set out at Item No.7 of this Notice for your approval.

#### Item No.8

#### Appointment of Shri Rajiv Kumar Miglani as Whole-time Director designated as “Executive Director”

The Board of Directors on the recommendation of Nomination & Remuneration Committee has appointed Shri Rajiv Kumar Miglani (DIN:06873155) as an additional director under Section 161(1) of the Companies Act, 2013 (the Act) and in accordance with the Articles of Association, with effect from 26<sup>th</sup> August, 2022.

In terms of Section 161(1) of the Act, Shri Rajiv Kumar Miglani holds office only up to the date of the forthcoming AGM and is eligible for appointment as a Director. The Company has received a Notice under Section 160(1) of the Act from a Member signifying his intention to propose Shri Rajiv Kumar Miglani's appointment as a Director.

The Board has also appointed Shri Rajiv Kumar Miglani as a Whole-time Director designated as “**Executive Director**” of the Company on the recommendation of Nomination & Remuneration Committee for a period of three years from 26<sup>th</sup> August, 2022 up to 25<sup>th</sup> August, 2025, upon the terms & conditions hereinafter indicated, subject to approval of the Members.

Shri Rajiv Kumar Miglani has exposure of more than 38 years in Industrial and Administrative experience in the Automotive and Engineering Industry and is well versed in all aspects of general administration and is currently serving as Managing Director of Rico Aluminium and Ferrous Auto Components Limited since August, 2019.

Shri Miglani is associated with RICO group for last 23 years and is heading Iron Foundry, Aluminium Die Casting and Machining operations in multi location plants. He has played key role in development of automation and special purpose machines.

He had worked with two car manufacturers Maruti Udyog Limited and Daewoo Motors India Limited for 15 years (1995 to 1999) in manufacturing before moving to his current assignment. He got trained in Japan and Korea in shop floor operations.

He worked with New Allenbury Works as Industrial Engineer in 1983. He spent 10 years (1985 to 1995) as Executive Machine shop (Cam shaft, Crank shaft, and Transmission case line). In 1999 he left Daewoo Motors India Limited as Head Machine Shop.

He completed Diploma in Mechanical Engineering (1980 to 1983). He has been part of workshops & certifications from Japan, Korea and India on machining line, balancing operations in Nagahama and Toyoda Grinding Works, Tig Welding on Cam Lobes, Leadership Management Course and Finance for Non-Finance Executives.

He currently serves as a Director on the Board of AAN Engineering Industries Limited and Magpie Manufacturing and Tech Private Limited.

The principal terms and conditions of appointment are as follows:

1. Period of Appointment: Three years commencing from 26<sup>th</sup> August, 2022.
2. Remuneration: In consideration of the performance of his duties, the Company shall pay to Shri Rajiv Kumar Miglani the following remuneration with such increments as may be recommended by the Nomination & Remuneration Committee and thereafter approved by the Board from time to time. The gross remuneration shall be categorized as follows:
  - a) Basic Salary: In the range of ₹2,00,000/- (Rupees two lakhs only) per month to ₹5,00,000/- (Rupees five lakhs only) per month. The increment as and when recommended
3. The Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.
4. Overall Remuneration: The aggregate of Basic Salary, HRA, Perquisites & Allowances, Performance Incentive, Amenities in any one financial year shall not exceed the limits prescribed under Section 197, 198 and other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act or any modifications or re-enactment for the time being in force.
5. Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the appointee, the payment of Basic Salary, HRA, Perquisites & Allowances, Amenities shall be considered as minimum remuneration and governed by the Schedule V of the Companies Act, 2013 as may be for the time being in force.
6. Income-Tax in respect of the above remuneration will be deducted at source as per the applicable Income Tax Laws/Rules.
7. He shall carry-out such functions, exercise such powers and perform such duties as the Board of Directors or the Chairman & Managing Director from time to time in its absolute discretion determine and entrust to him.
8. The appointment may be terminated by either party by giving to the other party three calendar months' notice in writing.
9. The terms & conditions of appointment and the payment of remuneration to Executive Director may be varied, altered, increased, enhanced or widened from time to time by the Board as it may be deem fit and in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard and within the overall approval given by the Members.
10. The above may be treated as a written memorandum setting out the terms & conditions of appointment of Shri Rajiv Kumar Miglani under Section 190 of the Act.
11. The Nomination & Remuneration Committee and the Board of Directors are of the opinion that Shri Rajiv Kumar Miglani's vast knowledge and varied experience will be of great value to the Company and has recommended the Resolution at Item No.8 of the Notice relating to his appointment as Whole-time Director, designated as “**Executive Director**” of the Company for a period of three years w.e.f. 26<sup>th</sup> August, 2022 upto 25<sup>th</sup> August, 2025 as a Special Resolution for your approval.

by the Nomination & Remuneration Committee thereafter approved by the Board shall be merit based and will take into account the performance of the appointee as well as that of the Company.

- b) House Rent Allowance (HRA): 50% of the Basic Salary.
- c) Perquisites & Allowances: Other allowances & perquisites like Conveyance Allowance, Uniform Allowance, Special Allowance(s), Leave Travel Allowance (LTA), Medical Allowance, Bonus, Contribution to Provident Fund, Gratuity, Leave and Leave Encashment etc. and other allowances for such amount as per the rules and policies of the Company.
- d) Performance Incentive: As per the rules and policies of the Company.
- e) Amenities: Conveyance facilities, Telephone, Internet and other communication facilities as per the rules and policies of the Company.



12. In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the terms of remuneration specified above are now being placed before the Members for their approval.

Except Shri Rajiv Kumar Miglani, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the proposed resolution.

The Board, therefore, recommends the Special Resolution as set out at Item No.8 of this Notice for your approval

#### Item No.9

#### Appointment of Shri Samarth Kapur as Whole-time Director designated as “Executive Director”

The Board of Directors on the recommendation of Nomination & Remuneration Committee has appointed Shri Samarth Kapur (DIN: 01525517) as an additional director under Section 161(1) of the Companies Act, 2013 (the Act) and in accordance with the Articles of Association, with effect from 26<sup>th</sup> August, 2022.

In terms of Section 161(1) of the Act, Shri Samarth Kapur holds office only up to the date of the forthcoming AGM and is eligible for appointment as a Director. The Company has received a Notice under Section 160(1) of the Act from a Member signifying his intention to propose Shri Samarth Kapur's appointment as a Director.

The Board has also appointed Shri Samarth Kapur as a Whole-time Director designated as “Executive Director” of the Company on the recommendation of Nomination & Remuneration Committee for a period of three years from 26<sup>th</sup> August, 2022 up to 25<sup>th</sup> August, 2025, upon the terms & conditions hereinafter indicated, subject to approval of the Members.

Shri Samarth Kapur is associated with Rico Group for last 12 years and has Managerial, Industrial and Administrative experience in the Automotive and Engineering Industry and is well versed in all aspects of general administration. He is also Whole-time Director of Rico Jinfei Wheels Limited since December, 2017 and has been instrumental in its growth by handling the operations, bringing new business opportunities and diversification strategies to the Company. Previously he served as Whole-time Director of Rico Castings Limited for six years, from 2011 to 2017.

He holds a Masters degree in Global Business Management from The University of Manchester and is a commerce graduate from GGDSD College, Chandigarh.

He is presently serving as Director on the Board of Rico Castings Limited, Mirah Belle Naturals Private Limited and Mirah Bhele Naturals & Apothecary Private Limited.

The principle terms and conditions of appointment are as follows:

1. Period of Appointment: Three years commencing from 26<sup>th</sup> August, 2022.
2. Remuneration: In consideration of the performance of his duties, the Company shall pay to Shri Samarth Kapur the following remuneration with such increments as may be recommended by the Nomination & Remuneration Committee and thereafter approved by the Board from time to time. The gross remuneration shall be categorized as follows:
  - a) Basic Salary: In the range of ₹2,00,000/- (Rupees two lakhs only) per month to ₹5,00,000/- (Rupees five lakhs only) per month. The increment as and when recommended by the Nomination & Remuneration Committee and thereafter approved by the Board shall be merit based and will take into account the performance of the appointee as well as that of the Company.
  - b) House Rent Allowance (HRA): 50% of the Basic Salary.
  - c) Perquisites & Allowances: Other allowances & perquisites like Conveyance Allowance, Uniform Allowance, Special Allowance(s), Leave Travel Allowance (LTA), Medical Allowance, Bonus, Contribution to Provident Fund, Gratuity, Leave and Leave Encashment etc. and other allowances for such amount as per the rules and policies of the Company.
  - d) Performance Incentive: As per the rules and policies of the Company.
  - e) Amenities: Conveyance facilities, Telephone, Internet and other communication facilities as per the rules and policies of the Company.
3. The Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.
4. Overall Remuneration: The aggregate of Basic Salary, HRA, Perquisites & Allowances, Performance Incentive, Amenities in any one financial year shall not exceed the limits prescribed under Section 197, 198 and other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act or any modifications or re-enactment for the time being in force.
5. Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the appointee, the payment of Basic Salary, HRA, Perquisites & Allowances, Amenities shall be considered as minimum remuneration and governed by the Schedule V of the Companies Act, 2013 as may be for the time being in force.
6. Income-Tax in respect of the above remuneration will be deducted at source as per the applicable Income Tax Laws/ Rules.
7. He shall carry-out such functions, exercise such powers and perform such duties as the Board of Directors or the Chairman & Managing Director from time to time in its absolute discretion determine and entrust to him.
8. The appointment may be terminated by either party by giving to the other party three calendar months' notice in writing.
9. The terms & conditions of appointment and the payment of remuneration to Executive Director may be varied, altered, increased, enhanced or widened from time to time by the Board as it may be deem fit and in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard and within the overall approval given by the Members.
10. The above may be treated as a written memorandum setting out the terms & conditions of appointment of Shri Samarth Kapur under Section 190 of the Act.
11. The Nomination & Remuneration Committee and the Board of Directors are of the opinion that Shri Samarth Kapur's vast knowledge and varied experience will be of great value to the Company and has recommended the Resolution at Item No.9 of the Notice relating to his appointment as Whole-time Director, designated as “Executive Director” of the Company for a period of three years w.e.f. 26<sup>th</sup> August, 2022 upto 25<sup>th</sup> August, 2025 as a Special Resolution for your approval.

12. In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the terms of remuneration specified above are now being placed before the Members for their approval.

Except Shri Samarth Kapur, being an appointee and Shri Arvind Kapur and Shri Arun Kapur, being relatives, none of the Directors and Key Managerial Personnel (KMP) of the Company or their relatives is concerned or interested, financially or otherwise, in the proposed resolution.

The Board, therefore, recommends the Special Resolution as set out at Item No.9 of this Notice for your approval.

#### Item No.10

#### Approval of payment of Remuneration to Shri Arvind Kapur, Chairman, CEO & Managing Director

Shri Arvind Kapur (DIN: 00096308) is the Managing Director of the Company since December, 1984. Present terms of appointment of Shri Arvind Kapur, Chairman, CEO & Managing Director were approved by the Shareholders by passing a special resolution through Postal Ballot dated 2<sup>nd</sup> August, 2019 for five years w.e.f. 17<sup>th</sup> December, 2019. The terms of his remuneration were also approved by the Shareholders for a period of three years effective from 17<sup>th</sup> December, 2019 upto 16<sup>th</sup> December, 2022.

In view of above, the terms of remuneration payable to Shri Arvind Kapur, Chairman, CEO & Managing Director needs to be approved w.e.f. 17<sup>th</sup> December, 2022 to 16<sup>th</sup> December, 2024 for the remaining tenure of his service. Pursuant to the provisions of section 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, payment of remuneration to the Managing Director requires approval of the shareholders.

Considering the increase in responsibilities being shouldered by Shri Arvind Kapur in the context of increased volume of business of the Company and continue to avail his services for carrying out the business operations of the Company, your Board of Directors felt it appropriate, subject to your approval to pay Shri Arvind Kapur, Chairman, CEO & Managing Director the remuneration as detailed in the resolution, which is commensurate with the responsibilities undertaken by him. The remuneration payable to him is for a period of two years effective from 17<sup>th</sup> December, 2022 upto 16<sup>th</sup> December, 2024. The Nomination and Remuneration Committee in its meeting held on 8<sup>th</sup> August, 2022 has approved and recommended the proposed remuneration payable to him which is subject to your approval.

The Board, therefore, recommends the Special Resolution as set out at Item No.10 of the Notice for your approval.

The Explanatory Statement together with the accompanying Notice should be treated as an abstract of the terms and memorandum of interest of the Directors under section 190 of the Companies Act, 2013.

Except Shri Arvind Kapur, Shri Arun Kapur and Shri Samarth Kapur none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the proposed resolution.

The particulars required to be disclosed in the Explanatory Statement in accordance with the SEBI (LODR) Secretarial Standard-2 are given below:

#### INFORMATION ABOUT THE APPOINTEE

##### 1. Background Details

Shri Arvind Kapur born on 5th July, 1950 is a graduate from St. Stephen's College, Delhi and Alumni of the Harvard Business School, USA. He is the co-promoter of the Company and is presently the Chairman, CEO & Managing Director of the Company.

Shri Arvind Kapur has an enriched and vast experience of more than four decades in the industry to his credit and has been instrumental in the growth of your Company. Under his leadership, your Company's turnover has been increased to ₹1623.16 crores from ₹0.87 crore since 1986.

##### 2. Past Remuneration

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

Financial Year Ended	Amount (₹ in Crores)
31 <sup>st</sup> March, 2018	3.33
31 <sup>st</sup> March, 2019	3.73
31 <sup>st</sup> March, 2020	6.00
31 <sup>st</sup> March, 2021	7.00
31 <sup>st</sup> March, 2022	8.00

##### 3. Recognition and Awards

He is Director of the following Companies:

- Rico Auto Industries Limited  
(CIN: L34300HR1983PLC023187)
- Sandhar Technologies Limited  
(CIN: L74999DL1987PLC029553)
- Subros Limited  
(CIN: L74899DL1985PLC020134)
- Rico Investments Limited  
(CIN: U65923HR2015PLC054211)
- Rico Auto Industries Inc., USA
- Rico Auto Industries (U.K.) Limited
- ASN Manufacturing and Services Private Limited  
(CIN: U29100HR1983PTC090936)
- ASN Properties Private Limited  
(CIN: U70200HR2011PTC082198)
- Haridwar Estates Private Limited  
(CIN: U45400HR2007PTC037085)
- KDB Investments Private Limited  
(CIN: U67120DL2001PTC110707)
- KAPBROS Engineering Industries Limited  
(CIN: U35990HR2009PLC039865)
- Rico Jinfei Wheels Limited  
(CIN: U34200HR2007PLC037021)
- Ishvara Manufacturing and Finvest Advisors Private Limited  
(CIN: U28999HR2017PTC068011)
- Higain Investments Private Limited  
(CIN: U74899HR1990PTC079817)

He is member of the following Organisations/Concerns:

- Automotive Components Manufacturers - Member Association of India (ACMA)
- CII – Northern Regional Council - Member

He is member of the Committees of following Companies:

1. Rico Auto Industries Limited
  - i) Share Transfer Committee - Chairman
  - ii) Finance Committee - Chairman
  - iii) Budget & Investment Committee - Member
  - iv) Nomination & Remuneration Committee - Member
  - v) Risk Management Committee - Member
  - vi) Audit Committee - Member
2. Sandhar Technologies Limited
  - i) Audit Committee - Member
  - ii) CSR Committee - Member
  - iii) Stakeholders Relationship Committee - Member
3. Subros Limited
  - i) CSR Committee - Member
4. Rico Jinfei Wheels Limited
  - i) Finance Committee - Member

#### 4. Job Profile & Suitability

Shri Arvind Kapur, Chairman, CEO & Managing Director is vested with substantial powers of the Company under the superintendence, control and directions of the Board of Directors. He has been associated with the Company since 1983 and has vast experience of more than four decades in the field of business strategy and development, planning, marketing and distribution, finance, production technology etc. Your Company has plants at Dharuhera, Gurugram, Haridwar, Bawal, Chennai and Sanand for Aluminium High Pressure Die Casting (HPDC) and the Ferrous Foundry at Gurugram, IMT Manesar and Pathredi. The other projects are also in pipe line. Considering the performance of existing projects and expansion plans, the Company is expected to register a growth in the years to come. He is devoting his full time in managing the business of the Company. He is, therefore, best suitable for the job.

#### 5. Remuneration Proposed (17/12/2022 to 16/12/2024)

Salary, Allowances & Perquisites not to exceed as under:

From 17/12/2022 to 16/12/2023	₹9.00 crores per annum
From 17/12/2023 to 16/12/2024	₹10.00 crores per annum

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

The remuneration proposed to be paid to Shri Arvind Kapur is in line with the remuneration paid to the managerial personnel in other Companies engaged in the similar Industry. At present, he is looking after Company's plants at Dharuhera, Gurugram, IMT Manesar, Haridwar, Bawal, Halol, Chennai, Pathredi and Sanand and six Subsidiary Companies and three Step-down Subsidiary Companies.

All these plants and offices are under his supervision. Keeping in view his job profile, position and responsibilities remuneration being given or proposed is not even close to or higher than that prevailing in the market. The Nomination and Remuneration Committee while recommending the proposed resolution has taken into account all these factors.

#### 7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Besides the remuneration proposed herein, Shri Arvind Kapur has no other pecuniary relationship with the Company.

#### 8. Board Meeting Attended and Shareholding

He regularly attends the Board and Committee Meetings. During the year 2021-22 he attended Five Board Meetings and is holding 14109643 (10.43%) equity shares of ₹1/- each.

Disclosure as required under Section II of part II of schedule V to the Companies Act, 2013 and corresponding rules pertaining to item Nos. 7 to 10 of the explanatory statement are given hereunder:

#### I. GENERAL INFORMATION

##### 1. Nature of Industry

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

##### 2. Date of Commercial Production

Commercial production has already commenced.

##### 3. Financial Performance

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

Financial Parameters	Year ended 31/03/2018	Year ended 31/03/2019	Year ended 31/03/2020	Year ended 31/03/2021	Year ended 31/03/2022
Gross Revenue	1118.25	1224.50	1226.27	1304.70	1623.16
Net Profit/ (Loss) (As computed under Sec.198)	68.58	71.98	24.39	(4.58)	48.30
Net Profit as per Profit & Loss Account	49.64	48.76	16.58	(5.76)	22.85
Amount of dividend	13.02 (including Dividend Tax)	13.02 (including Dividend Tax)	4.06 (Subject to TDS)	2.70 (Subject to TDS)	5.41 (Subject to TDS)
Rate of dividend declared	80% (Re.0.80 per share) (Interim 40% and Final 40%)	80% (Re.0.80 per share) (Interim 40% and Final 40%)	30% Final Dividend	20% Final Dividend	40% Final Dividend proposed

**4. Financial Performance based on given indicators**

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

**5. Foreign Investments or Collaborations, if any**

Holding of FIIs/NRIs/OCBs/Foreign Companies in the Company as on 30<sup>th</sup> June, 2022 is 1.94%. The Company has no foreign collaboration as on date. The Company has two Foreign Wholly Owned Subsidiaries namely:

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

**II. INFORMATION ABOUT THE APPOINTEE**

This information is provided in the explanatory statement and Annexure-A

**III. OTHER INFORMATION**

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

The financial performance of the Company was impacted due to the slowdown in the Industry. Despite that, the Company has a consistent profit and dividend track record. The Company has earned a net profit of ₹22.85 crores for the financial year ended on 31<sup>st</sup> March, 2022. Currently, the Company is into growth phase and investing on additional capacity and technical knowledge build up.

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

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

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

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

**IV. DISCLOSURES**

The requisite disclosures of remuneration package etc. have been mentioned in the Special Resolution appended in this Notice. At present, there is no stock option scheme available in the Company. The Disclosures are regularly provided in the Annual Report.

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

**B.M. Jhamb**  
Company Secretary  
FCS No. 2446

Place : Gurugram  
Date : August 25, 2022

## Annexure-A

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

Name of the Director	Shri Hemal Khandwala	Shri Kaushalendra Verma	Shri Rajiv Kumar Miglani	Shri Samarth Kapur
DIN	05241590	02004259	06873155	01525517
Date of Birth	09/04/1984	17/05/1968	24/05/1964	30/03/1988
Date of First Appointment on the Board	26/08/2022	26/08/2022	26/08/2022	26/08/2022
Qualifications	Bachelors in Engineering from Mumbai University followed by a Masters in Electrical & Electronics Engineering and a Masters in Science, Applied Mathematics and Statistics with finance and economics as a major from Stony Brook University New York, USA	B.E. in Industrial Engineering from Nagpur University, Maharashtra	Diploma in Mechanical Engineering from Nilokheri, Karnal, Haryana	B.Com. from GGDSD College, Chandigarh and Masters in Global Business Management from The University of Manchester, U.K.
Expertise in Specific Functional Area	As detailed in the explanatory statement at Item No.6	As detailed in the explanatory statement at Item No.7	As detailed in the explanatory statement at Item No.8	As detailed in the explanatory statement at Item No.9
Terms and Conditions of Appointment	As detailed in the explanatory statement at Item No.6	As detailed in the explanatory statement at Item No.7	As detailed in the explanatory statement at Item No.8	As detailed in the explanatory statement at Item No.9
List of Directorships in other Companies	1. Heritage Money Market Service Private Limited	1. Rico Fluidtronics Limited 2. Rico Friction Technologies Limited 3. Rico Care Foundation 4. Rico Jinfei Wheels Limited	1. Rico Aluminium and Ferrous Auto Components Limited 2. AAN Engineering Industries Limited 3. Magpie Manufacturing and Tech Pvt. Ltd.	1. Rico Castings Limited 2. Rico Jinfei Wheels Limited 3. Mirah Belle Naturals Private Limited 4. Mirah Belle Naturals & Apothecary Private Limited
Chairman/Member of the Committee of the Board of Directors of Public Companies	NA	Member of Finance Committee in Rico Fluidtronics Limited	Member of Budget & Investment Committee in Rico Auto Industries Limited	Member of Finance Committee in Rico Jinfei Wheels Limited
Shareholding in the Company	133400 (0.10%) Equity Shares of ₹.1/- each	Nil	Nil	194800 (0.14%) Equity Shares of ₹1/- each
Remuneration Last drawn (During the year 2021-22)	NA	NA	NA	NA
Remuneration to be Paid (During the year 2022-23)	Sitting fees and commission will be paid as approved by the Board	As detailed in the explanatory statement	As detailed in the explanatory statement	As detailed in the explanatory statement
Relation with other Directors/Key Managerial Personnel of the Company	None	None	None	Son of Shri Arun Kapur and Nephew of Shri Arvind Kapur
No. of Board Meetings Held/Attended during the year 2021-22	NA	NA	NA	NA

(Refer Note 11 of the Notice of 39<sup>th</sup> AGM)

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

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

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

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

**All Members are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Company, by 23<sup>rd</sup> September, 2022. Please note that these details as available on Book Closure Date will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:**

- I. Valid Permanent Account Number (PAN)
- II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2022-23.
- III. Category of the Member:
  - i. Mutual Fund
  - ii. Insurance Company
  - iii. Alternate Investment Fund (AIF) Category I and II
  - iv. AIF Category III
  - v. Government (Central/State Government)
  - vi. Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company
  - vii. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
  - viii. Individual
  - ix. Hindu Undivided Family (HUF)
  - x. Firm
  - xi. Limited Liability Partnership (LLP)
  - xii. Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person (AJP)
  - xiii. Trust
  - xiv. Domestic Company
  - xv. Foreign Company
- IV. E-mail Address
- V. Address

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

**Members are requested to take note of the TDS rates and document/s, if any, required to be submitted to the Company by 23<sup>rd</sup> September, 2022 for their respective category, in order to comply with the applicable TDS provisions**

#### I. For Resident Members:

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



- v. **Approved Superannuation Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.
- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.
- vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.
- viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.
- ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.
- x. **Other Resident Members:**
  - a) TDS is required to be deducted at the rate of 10% u/s 194 of the IT Act.
  - b) No TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to individual shareholder does not exceed ₹5,000/- (Rupees Five Thousand only). Normal dividend/s declared in the preceding financial year 2021-22 would be considered as the basis to determine applicability of the said threshold for the entire financial year.
  - c) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).
  - d) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the shareholder is not available.
  - e) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.
  - f) TDS shall be deducted at the rate of 20% u/s 206AA of the IT Act, if the shareholder is a specified person within the meaning of Sec. 206AB(3). However, in term of Circular No. 11 of 2021 dated 21<sup>st</sup> June, 2021, if the specified person files a valid return of income (filed & verified) for Assessment Year 2020-21 or 2021-22 during the financial year 2022-23 before the Book Closure date, then he will not be treated as specified person and tax shall be deducted @10%.

## II. For Non-resident Members:

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

Details and/or documents as mentioned above in Section 1 and Section 2, as applicable to the Member, need to be sent, duly completed and signed, through registered e-mail address of the Member with PAN being mentioned in the subject of the e-mail to reach by 23<sup>rd</sup> September, 2022. Please note that no communication this regard, shall be accepted post 23<sup>rd</sup> September, 2022.

## Section 3: Other general information for the Members:

- I. For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being sent/accepted by e-mail, the Member undertakes to send the original document/s on the request by the Company.

- II. In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Book Closure Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person.
- III. Shareholders holding Equity Shares under multiple accounts under different status/category and single PAN, may note that higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.
- IV. TDS deduction certificate will be sent to the Members' registered email address in due course
- V. Surcharge will be levied as per rates applicable for the financial year 2022-23.
- VI. Normal dividend/s declared in the preceding financial year 2021-22 would be considered as the basis to determine applicability of the surcharge rate.
- VII. Health and Education Cess of 4% is applicable for financial year 2021-22 for non-residents.
- VIII. Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of Members on the Book Closure Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.
- IX. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.
- X. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

**Note:**

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

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

## ANNEXURE 1

## FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA

Date:.....

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

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

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

1. I / We, ..... (Full name of the shareholder), having permanent account number (PAN) under the Indian Income tax Act, ..... (mention PAN), and holding ..... (mention number of shares held) number of shares of the Company under demat account number/ folio number ..... as on the Cut off date 23<sup>rd</sup> September, 2022, am/ are a tax resident of ..... (country name) in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a 'resident' of India under section 6 of the Indian Income-tax Act, 1961 ("the IT Act"). A copy of the valid tax residency certificate for .....(period), which is valid as on the Book Closure Date, is attached herewith.
2. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and entitled to claim treaty benefits including but not limited to the Principal Purpose Test (PPT), Limitation of Benefit Clause (LOB), Simplified Limitation of Benefits (SLOB), period of holding of shares etc. as applicable. I/We specifically confirm that my/our affairs were not arranged such that the main purpose for the principal purpose thereof was to obtain tax benefits available under the applicable tax treaty.
3. I/We am/are the legal and beneficial owner of .....(No. of Shares) shares held in the Company. Further, I/We am/are the beneficial owner of dividend income to be received from the Company in respect of aforementioned shares.
4. I/We am/are tax resident of ..... (mention country of tax residency) and assessed therein as a tax resident and I/We am/are not a fiscally transparent entity.
5. I/We do not have a Permanent Establishment ("PE") in India in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to me/us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.
6. I/We do not have a PE in a third country and the amounts paid/payable to me/us, in any case, are not attributable to a PE in third jurisdiction, if any, which may have got constituted otherwise.
7. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/payable to me/us, in any case, are not attributable to business operations, if any, carried out in India.
8. We do not have a Place of Effective Management [under Section 6(3) of the IT Act] in India (if shareholder is a company).

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

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

For ..... (Mention the name of the payee)

Authorised Signatory

(Name of the person signing)

(Designation of the person signing)

## DIRECTORS' REPORT

To the Shareholders,

Your Directors present the 39<sup>th</sup> Annual Report of your Company, together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2022.

### FINANCIAL RESULTS

(₹ in Crores)

Particulars	Standalone		Consolidated	
	Current Year 2021-22	Previous Year 2020-21	Current Year 2021-22	Previous Year 2020-21
Total Revenue	1623.16	1304.70	1878.86	1488.44
Profit before Interest, Depreciation and Exceptional Items	151.15	93.34	176.88	107.13
Interest and Financial charges	36.67	34.96	42.17	38.61
Profit before Depreciation, Exceptional Items and Tax	114.48	58.38	134.71	68.52
Depreciation	74.69	62.98	90.58	80.08
Profit before Exceptional Items and Tax	39.79	(4.60)	44.13	(11.56)
Exceptional Items	5.48	4.25	6.15	4.36
Profit/(Loss) before Tax (PBT)	34.31	(8.85)	37.98	(15.92)
Tax (Credit)/Expense	11.46	(3.09)	14.21	(1.85)
Profit/(Loss) after Tax	22.85	(5.76)	23.77	(14.07)
Other Comprehensive Income/(Loss) (net of tax)	3.81	2.96	4.00	3.41
Total Comprehensive Income/(Loss)	26.66	(2.80)	27.77	(10.66)

### OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Company has recorded a Total Revenue of ₹1623.16 crores in the year under report as against ₹1304.70 crores in the previous year with a growth of 24 per cent. Your Company has earned a profit after tax of ₹22.85 crores during the year under report over the previous year's loss of ₹5.76 crores.

The Aftermarket Division of your Company caters the two-wheeler and four-wheeler segment. The Company has established a strong network of dealers and distributors in India, Nepal, Sri Lanka and Bangladesh & exploring South America, Africa and Dubai. During the financial year 2021-22, a turnover of ₹30.00 crores has been achieved by this Division. Aftermarket Division has a target to achieve sales of ₹50.00 crores in the current financial year 2022-23.

### DIVIDEND

Your Directors are pleased to recommend for your approval a Dividend @ 40 percent i.e. ₹0.40 per Equity Share of ₹1/- each for the financial year 2021-22 amounting to ₹5.41 crores on the equity share capital of ₹13.53 crores as against a dividend of 20 per cent i.e. ₹0.20 per Equity Share of ₹1/- each amounting to ₹2.71 crores in the previous year on the same Equity Share Capital. The dividend payout is as per Dividend Distribution Policy which is available on the website of the Company.

### TRANSFER TO RESERVES

During the year under review, no amount has been transferred to the Reserves.

### SHARE CAPITAL

The Paid-up Share Capital as on 31<sup>st</sup> March, 2022 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 or Sweat Equity.

### EXPORTS

The export turnover of your Company during the year under review was ₹455.08 crores as against ₹358.87 crores in the previous year.

The export turnover includes sales to wholly owned subsidiaries amounting to ₹174.09 crores as against ₹143.99 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, warehousing and customer support in their respective regions.

Your Company has been one of the pioneers in exporting critical components based on the established quality systems and delivery experience of over 25 years. The Company has established a network of warehousing and local business representatives to support and manage its overseas customers. Since 2018, the Company has been focusing on the emerging Electric Vehicles and Hybrid Vehicle Components and have started supplying to BMW, TOYOTA, STELLANTIS (PSA) and RENAULT.

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

### OUTLOOK FOR CURRENT YEAR

The impact of the pandemic on the operation of the Company was confined to first quarter of FY22, when the second wave of Covid was at its peak. This was followed by the geopolitical tensions and lockdown in China that disrupted supplies and commodities prices. Semiconductor shortage was felt at most Passenger Vehicles OEMs and their production was not able to return to peak levels to meet rising customer demand due to preference for personal mobility in post pandemic period from second quarter of FY22 onwards, but is expected to be better in the remaining part of the current financial year and expected to stabilise by end of 2023.

The first quarter ended 30<sup>th</sup> June, 2022, recorded a total revenue of ₹483.51 crores as against the total revenue of ₹343.55 crores in the corresponding quarter of the previous year. Consequently, the profit after tax stood at ₹11.26 crores for the first quarter as against loss of ₹2.33 crores in the corresponding quarter of the previous year. The Company is confident to improve the turnover and margin during the remaining part of the year.

## PLANTS AND FACILITIES

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

## ELECTRIC VEHICLES (EV)

The Chennai facility has started supplying high technology components to TOYOTA for their **Electrified Vehicles**. Besides, your Company is a major supplier to BMW, STELLANTIS (PSA), RENAULT for their **EV** in Europe for Motor and Transmissions.

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

## SUBSIDIARY COMPANIES

Your Company has nine Subsidiaries and two Associate 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, Rico Investments Limited and Rico Jinfei Wheels Limited are material subsidiaries of the Company.

## NOTES ON SUBSIDIARY COMPANIES

### 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 for goods manufactured by your Company. The Company has recorded a total turnover of ₹168.89 crores during the financial year ended 31<sup>st</sup> March, 2022 as against ₹133.59 crores in the previous year.

The Company earned a net profit after tax of ₹1.23 crores in the financial year ended 31<sup>st</sup> March, 2022 as against ₹2.36 crores in the previous year. The Company has not declared any dividend for the financial year ended 31<sup>st</sup> March, 2022.

This Subsidiary has achieved a total turnover of ₹58.47 crores for the first quarter ended 30<sup>th</sup> June, 2022 as against ₹38.12 crores in the corresponding quarter of the previous year. The Company earned a profit after tax of ₹0.76 crore for the first quarter ended 30<sup>th</sup> June, 2022 as against a profit after tax of ₹0.22 crore 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 for goods manufactured by your Company.

There is a change of Business Model where Rico Auto has started direct supplies to many of the European Customers. As a result of which sales from this Company has reduced substantially.

The Company has recorded a total turnover of ₹5.20 crores during the financial year ended 31<sup>st</sup> March, 2022 as against

₹5.92 crores in the previous year. The Company incurred a loss of ₹0.22 crore in the financial year ended 31<sup>st</sup> March, 2022 as against loss of ₹0.21 crore in the previous year.

This Subsidiary has achieved a total turnover of ₹0.16 crore for the first quarter ended 30<sup>th</sup> June, 2022 as against ₹1.96 crores in the corresponding quarter of the previous year. The Company incurred a loss of ₹0.01 crore for the first quarter ended 30<sup>th</sup> June, 2022 as against loss of ₹0.03 crore 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), an AS 9100D Certified Company, which defines it as a "Manufacturer of Precision Machined Components & Assemblies" for the Aerospace and Defence Industry.

AAN offers an extensive array of services for the manufacture of components/sub-systems within the Defence & Aerospace Industry. These include Design & Development of Tooling, Casting, Machining and Assembly, supported by CAD, CAM, CAE and R&D testing facilities. AAN works with a wide range of Raw Materials - namely Aluminium Alloy, Alloy Steel & High Manganese Steel & Raw Material/Castings as required by Client.

AAN currently manufactures machined metal components for Mechanical and Electronic Fuse Assembly. In the current year the Company supplied machined High Grade Machined Casting to Ordnance Factory Board. This particular technical engagement places the Company favorably for manufacturing and servicing this specific need for Ministry of Defence over next several years. The Company is also one of the shortlisted engineering firms by DRDO lab for the key Make in India program for indigenization of Inflatable Decoy for Indian Defence forces. AAN Engineering has inked a transfer of technology agreement with Global leader of Inflatable Decoy manufacturer for the same.

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 agreement with leading OEMs across the globe. The Company is also in consideration as one of the shortlisted Tier 1 vendor for supply of Tatra Truck, T-71 and ARV related spares including various types of engine assemblies by Tatra Trucks Czech Republic & Excalibur Defence Systems (CSG Group Co.)

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

AAN embodies your Company's Defence Outfit and a Strategic Investment. With the mission Atma Nirbhar Bharat, more involvement with Defence Sector is foreseen.

During the year under review, the Company has recorded a total revenue of ₹11.65 crores as against ₹9.08 crores in the previous year. During the year, the Company has incurred a loss of ₹0.60 crore as against a loss of ₹0.82 crore in the previous year.

This Subsidiary has recorded a total revenue of ₹4.01 crores



in the first quarter ended 30<sup>th</sup> June, 2022 as against ₹1.64 crores in the corresponding quarter of the previous year. The Company earned a profit after tax of ₹0.10 crore for the first quarter ended 30<sup>th</sup> June, 2022 as against a loss of ₹0.33 crore in the corresponding quarter of the previous year. During the financial year under review, your Company has made an investment of ₹6.00 crores in this Subsidiary and paid-up share capital of this Company now stands at ₹6.05 crores.

#### D. Rico Fluidtronics Limited

This Company, during the year under review, has recorded a total revenue of ₹68.01 crores as against ₹53.89 crores in the previous year. This Company has earned a profit after tax of ₹5.92 crores in the financial year ended 31<sup>st</sup> March, 2022 as against profit after tax of ₹4.10 crores in the previous year.

This Company has orders from Maruti Suzuki India Limited (MSIL) and others in hand to cross ₹130.00 crores turnover in the Financial Year 2022-23.

The Board of this Company has recommended a dividend (10 per cent) of ₹1.00 per Equity Share of ₹10/- each for the financial year 2021-22. If approved, the dividend will amount to ₹4.22 crores as against dividend of ₹4.22 crores in the previous year on the same Equity Share Capital. Your Company and step-down subsidiary, namely Rasa Autocom Limited expects to receive an amount (after TDS) of ₹1.94 crores and ₹1.86 crores respectively by way of dividend on their investment.

This Company has recorded a total revenue of ₹23.92 crores for the quarter ended 30<sup>th</sup> June, 2022 as against ₹14.61 crores in the corresponding quarter of the previous year. The Company has earned a profit after tax of ₹1.01 crores for the quarter ended 30<sup>th</sup> June, 2022 as against profit after tax of ₹1.64 crores in the corresponding quarter of the previous year.

With reference to previous year's business realization, development of MSIL Engine K15C Oil Pump & Water Pumps have been completed and these products have been launched in serial production from March, 2022 onwards.

#### E. Rico Investments Limited

During the year under review, this Company has recorded a total revenue of ₹4.34 crores as against ₹4.69 crores in the previous year. This Company has earned a profit after tax of ₹2.69 crores in the financial year ended 31<sup>st</sup> March, 2022 as against a profit after tax of ₹2.89 crores in the previous year.

This Subsidiary has achieved a total revenue of ₹1.09 crores for the first quarter ended 30<sup>th</sup> June, 2022 as against ₹1.07 crores in the corresponding quarter of the previous year. The Company earned a profit after tax of ₹0.73 crore for the first quarter ended 30<sup>th</sup> June, 2022 as against profit after tax of ₹0.70 crore in the corresponding quarter of the previous year.

This Company has paid an interim dividend @ 2 percent i.e. ₹0.20 per Equity Share of ₹10/- each for the financial year 2021-22. The interim dividend paid amounted to ₹2.38 crores as against a dividend of 3 percent i.e. ₹0.30 per Equity Share of ₹10/- each aggregating to ₹3.56 crores in the previous year on the same Equity Share Capital. However, the Directors have not recommended any final dividend.

As reported last year, the Board of this Company in its meeting held on 26<sup>th</sup> July, 2021 had approved amalgamation of this Company with your Company. The Amalgamation Scheme is pending for approval before the Hon'ble NCLT.

This Company has the following subsidiaries:

#### i) Rico Aluminium and Ferrous Auto Components Limited

During the year under review, this Company has recorded a total revenue of ₹188.06 crores as against ₹171.57 crores in the previous year. This Company has incurred a loss of ₹10.14 crores as on 31<sup>st</sup> March, 2022 as against the loss of ₹9.24 crores in the previous year. Further, this Company has recorded a total revenue of ₹45.52 crores for the quarter ended 30<sup>th</sup> June, 2022 as against ₹47.22 crores in the corresponding quarter of the previous year. The Company has incurred a loss of ₹3.89 crores for the quarter ended 30<sup>th</sup> June, 2022 as against the loss of ₹1.87 crores in the corresponding quarter of the previous year.

As reported last year, the Board of this Company in its meeting held on 26<sup>th</sup> July, 2021 had approved amalgamation of this Company with your Company. The Amalgamation Scheme is pending for approval before the Hon'ble NCLT.

#### ii) Rasa Autocom Limited

This Company has recorded a total revenue of ₹3.73 crores during the financial year ended 31<sup>st</sup> March, 2022 as against ₹55.26 crores in the previous year. The Company has earned a profit after tax of ₹2.05 crores in the financial year ended 31<sup>st</sup> March, 2022 as against the profit after tax of ₹1.68 crores in the previous year. The Company expects to receive a dividend of ₹1.86 crores on its investment from Rico Fluidtronics Limited for the financial year 2021-22.

This Subsidiary has achieved a total revenue of ₹0.44 crore from lease rental and other income for the first quarter ended 30<sup>th</sup> June, 2022 as against ₹0.40 crore in the corresponding quarter of the previous year. The Company has earned a profit after tax of ₹0.21 crore for the quarter ended 30<sup>th</sup> June, 2022 as against the profit after tax of ₹0.20 crore in the corresponding quarter of the previous year.

As reported last year, the Board of this Company in its meeting held on 26<sup>th</sup> July, 2021 had approved amalgamation of this Company with your Company. The Amalgamation Scheme is pending for approval before the Hon'ble NCLT.

This Company has not recommended any dividend for the financial year 2021-22.

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

This Company has recorded a total turnover of ₹221.08 crores during the financial year ended 31<sup>st</sup> March, 2022 as against ₹149.73 crores in the previous year. This Company has earned a profit after tax of ₹2.05 crores in the financial year ended 31<sup>st</sup> March, 2022 as against the profit after tax of ₹2.08 crores in the previous year.

Further, this Company has recorded a total turnover of ₹72.54 crores for the quarter ended 30<sup>th</sup> June, 2022 as against ₹37.03 crores in the corresponding quarter of the previous year. The Company has incurred a loss of ₹0.55 crore for the quarter ended 30<sup>th</sup> June, 2022 as against a profit after tax of ₹0.16 crore in corresponding quarter of the previous year.

Rico Jinfei Wheels Limited (RJWL), a Step-down Subsidiary Company has in its Board Meeting held on 26<sup>th</sup> July, 2021 approved the Scheme of Amalgamation ("Scheme") for merger of Rico Castings Limited ("Transferor Company") with RJWL, pursuant to Sections 230 to 232 of the Companies Act, 2013, with effect from Appointed Date i.e. 1<sup>st</sup> April, 2021. The Scheme was filed with Hon'ble NCLT on 30<sup>th</sup> September, 2021 and is subject to necessary statutory and regulatory approvals. Pursuant to the directions of Hon'ble NCLT, the shareholders and creditors of the respective Companies have approved the Scheme with requisite majority. The Scheme is pending for approval before the Hon'ble NCLT. After approval of Hon'ble NCLT the Transferor Company will be dissolved without winding-up.

#### F Rico Friction Technologies Limited

During the year, your Company has invested ₹0.756 crores in the equity share capital of this Company and the total investment now stands at ₹0.763 crores.

This Company has recorded a total turnover of ₹3.03 crores during the financial year ended 31<sup>st</sup> March, 2022 as against ₹4.03 crores in the previous year. This Company has earned a profit after tax of ₹0.39 crore in the financial year ended 31<sup>st</sup> March, 2022 as against the profit after tax of ₹1.00 crore in the previous year. This Company has not recommended any dividend for the financial year 2021-22.

Further, this Company has recorded a total turnover of ₹1.01 crores for the quarter ended 30<sup>th</sup> June, 2022 as against nil in the corresponding quarter of the previous year. The Company has earned a profit after tax of ₹0.20 crore for the quarter ended 30<sup>th</sup> June, 2022 as against a loss of ₹0.19 crore in the corresponding quarter of the previous year.

### NOTES ON ASSOCIATE COMPANIES

#### A. Rico Care Foundation

Your Company subscribed 10,000 equity shares (20% of the total paid up capital) of the aforesaid Company on 15<sup>th</sup> July 2021. The Company is registered under Section 8 of the Companies Act, 2013 and will undertake Corporate Social Responsibility (CSR) activities on behalf of Rico Group Companies.

#### B. Roop Ram Industries Limited

As per the terms and conditions of Power Purchase Agreement (PPA) for solar power, your Company, on 23<sup>rd</sup> August, 2021, invested an amount of ₹2.43 crores by way of purchase of 24,34,640 fully paid up equity shares of ₹10/- each (26% of the total paid up capital) of M/s. Roop Ram Industries Limited and from 17<sup>th</sup> February, 2022, your Company started procuring 1.60 lakh units per year of solar power from the said company resulting in an approximate savings of ₹1.80 crores annually.

The financials of the aforesaid associate companies have not been considered for consolidation in the accounts of your Company.

### CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

### MATERIAL CHANGES AND COMMITMENTS

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

As reported last year, the Board based on the recommendation of Audit Committee, in its meeting held on 26<sup>th</sup> July, 2021, have considered and approved the Scheme of Amalgamation ("Scheme") for merger of its Subsidiary Companies namely Rico Investments Limited, RASA Autocom Limited and Rico Aluminium and Ferrous Auto Components Limited ("Transferor Companies") with your Company, pursuant to Sections 230 to 232 of the Companies Act, 2013, with effect from Appointed Date i.e. 1<sup>st</sup> April, 2021. The Scheme was filed with Hon'ble National Company Law Tribunal, Bench at Chandigarh ("NCLT") on 29<sup>th</sup> September, 2021. Pursuant to the directions of Hon'ble NCLT, the shareholders and creditors of each of the Companies have approved the Scheme. The Scheme is pending for approval before the Hon'ble NCLT. After approval of Hon'ble NCLT the Transferor Companies will be dissolved without winding-up process.

There were no other material changes and commitments affecting the financial position of the Company occurring between 31<sup>st</sup> March, 2022 and the date of this Report.

### CREDIT RATING

India Ratings and Research Private Limited - a Credit Rating Agency, has affirmed the Long-Term Issuer Rating at 'IND A-' 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 instrument wise rating actions are given below:

#### Credit Ratings:

Instrument Type	Size of Issue (Million)	Rating/Outlook	Rating Action
Term loans/ letter of credit	INR4,058	IND A-/Negative	Affirmed; Outlook revised to Negative from Stable
Fund based working capital limit	INR2,050	IND A-/Negative/ IND A2+	Affirmed; Outlook revised to Negative from Stable
Non-fund based working capital credit limits	INR225	IND A-/Negative/ IND A2+	Affirmed; Outlook revised to Negative from Stable

RWN = Rating Watch Negative

Above specified ratings being latest one are published on 18<sup>th</sup> May, 2022.

The above credit ratings are being reviewed at regular intervals.

### FIXED DEPOSITS

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

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

## RISK MANAGEMENT

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

Details of the Risk Management Committee are given in the Corporate Governance Report. The policy is available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

## SECRETARIAL STANDARDS

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

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

## CORPORATE GOVERNANCE

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

## AUDIT COMMITTEE

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

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

## NOMINATION AND REMUNERATION COMMITTEE

Your Company has in place a duly constituted 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 (i) Policy on Board Diversity; and (ii) Nomination & Remuneration Policy which lays down a framework in relation to the remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. This Policy is placed on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the requirements of Section 135 of the Companies Act, 2013, the amount to be spent during the financial year 2021-22, worked out to be ₹49.00 lakhs. The Company has spent an amount of ₹72.00 lakhs including ₹23.00 lakhs on voluntary basis towards the CSR activities/projects as specified in CSR policy of the Company during the financial year 2021-22. The CSR activities of the Company are being monitored by the CSR Committee. The focus area of CSR activities is as per Schedule VII of the Companies Act, 2013.

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

## VIGIL MECHANISM

The Company has established Vigil Mechanism/Whistle Blower Policy for Directors, Employees, Clients, Vendors, Suppliers and Contractors as an avenue to report concerns including unethical behavior, actual or suspected, frauds or violation of the Company's code of conduct. The same meets the requirements of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>. During the year under review, no matter has been received under this policy.

## RELATED PARTY TRANSACTIONS AND MATERIAL SUBSIDIARIES

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

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

## LISTING OF EQUITY SHARES

The Equity Shares of your Company are presently listed on the BSE Limited and National Stock Exchange of India Limited. The Annual Listing Fees have been paid for the financial year 2022-23.

## ANNUAL RETURN

The Annual Return of the Company as on 31<sup>st</sup> March, 2022 is available on the website link of the Company <https://www.ricoauto.in/investor-relation.html>.

## 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 7, 8 and 36 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 (DIN: 00327461), Director of the Company will retire by rotation at the forthcoming AGM and to make way for induction of Professional Directors has desired not to offer her candidature for re-appointment.

Shri Arun Kapur (DIN: 00100270) also desired to discontinue as Director and consequently as Joint Managing Director w.e.f. 25<sup>th</sup> August, 2022 to make place for his son Shri Samarth Kapur who has been inducted as Whole-time Director w.e.f. 26<sup>th</sup> August, 2022.

The Board places on record its appreciation for the contribution, guidance and support made by them during their association with the Company.

Shri Hemal Bharat Khandwala (DIN:05241590) has been appointed as an Additional Director in the category of **Independent Director** w.e.f. 26<sup>th</sup> August, 2022 and the resolution for regularization of his appointment has been proposed for five years for your approval at this AGM.

Shri Kaushalendra Verma (DIN:02004259), who is presently Managing Director of Rico Fluidtronics Limited, a subsidiary of Rico Auto, has been appointed as Additional Director as well as Whole-time Director designated as “**Executive Director**” with effect from 26<sup>th</sup> August, 2022, on the Board of the Company. As Additional Director, he holds office up to the date of the ensuing Annual General Meeting. The terms and conditions of his appointment as Whole-time Director for a period of three years with effect from 26<sup>th</sup> August, 2022, are set out in the Statement annexed to the AGM Notice. By virtue of holding the position of “Whole-time Director”, he would be considered as “Key Managerial Personnel” of the Company. The Board recommends his appointment.

Shri Rajiv Kumar Miglani (DIN:06873155), who is presently Managing Director of Rico Aluminium and Ferrous Auto Components Limited, a subsidiary of Rico Auto, has been appointed as Additional Director as well as Whole-time Director designated as “**Executive Director**” with effect from 26<sup>th</sup> August, 2022, on the Board of the Company. As Additional Director, he holds office up to the date of the ensuing Annual General Meeting. The terms and conditions of his appointment as Whole-time Director for a period of three years with effect from 26<sup>th</sup> August, 2022, are set out in the Statement annexed to the AGM Notice. By virtue of holding the position of “Whole-time Director”, he would be considered as “Key Managerial Personnel” of the Company. The Board recommends his appointment.

Shri Samarth Kapur (DIN:01525517), who is presently Whole-time Director of Rico Jinfei Wheels Limited, a subsidiary of Rico Auto, has been appointed as Additional Director as well as Whole-time Director designated as “**Executive Director**” with effect from 26<sup>th</sup> August, 2022, on the Board of the Company. As Additional Director, he holds office up to the date of the ensuing Annual General Meeting. The terms and conditions of his appointment as Whole-time Director for a period of three years with effect from 26<sup>th</sup> August, 2022, are set out in the Statement annexed to the AGM Notice. By virtue of holding the position of “Whole-time Director”, he would be considered as “Key Managerial Personnel” of the Company. The Board recommends his appointment.

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

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

Further a declaration has been received from all Independent Directors pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, affirming that they have registered themselves with the Indian Institute of Corporate Affairs in the Independent Director's Data Bank. In the opinion of the Board, all the Independent Directors are proficient and have requisite experience and expertise to undertake the responsibilities conferred on them.

#### BOARD MEETINGS

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

#### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have carried out the annual evaluation of its own performance, the Individual Directors including the Chairman as well as the evaluation of the working of its Committees. The evaluation of Board as a whole and Non-Independent Directors including Chairman was done by the Independent Directors in their meeting held on 29<sup>th</sup> March, 2022. The manner, in which the evaluation has been carried out, has been explained in the Corporate Governance Report.

#### BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report for the Year under review is annexed and forms part of this report.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2022, 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 31<sup>st</sup> March, 2022 and of the profit for the year 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022;
- 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 31<sup>st</sup> March, 2022 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 Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) were re-appointed as Statutory Auditors of your Company at 34<sup>th</sup> Annual General Meeting (AGM) held on 22<sup>nd</sup> September, 2017 for second term of five consecutive years till the conclusion of 39<sup>th</sup> AGM to be held in the year 2022. As per the Companies Act, 2013 they are not eligible for re-appointment and therefore will retire after the conclusion of this AGM. The Board place on record its appreciation for the valuable services rendered by them during their tenure as Statutory Auditors of your Company.

The Board on recommendation of the Audit Committee has proposed M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) to be appointed as Statutory Auditors of the Company, to hold such office for a term of five consecutive years i.e. from the conclusion of this 39<sup>th</sup> Annual General Meeting (AGM) till the conclusion of the 44<sup>th</sup> AGM of the Company, subject to your approval in the ensuing AGM.



The Company has received a Certificate from M/s. B S R & Co. LLP, Chartered Accountants confirming their eligibility to act as Auditors of the Company.

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

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

#### INTERNAL AUDITORS

The Board on the recommendation of the Audit Committee has appointed M/s. Protiviti India Member Private Limited (CIN: U93000HR2009PTC057389) as the Internal Auditors of the Company for the Financial Year 2022-23.

#### APPOINTMENT OF COST AUDITORS AND MAINTENANCE OF COST RECORDS

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.

The Board, on the recommendation of Audit Committee, has re-appointed M/s. MM & Associates, Cost Accountants (Firm Registration No.000454) as Cost Auditors to carry out the cost audit of the Company for the financial year 2022-23. 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 2021-22 would be filed with the Ministry of Corporate Affairs, Delhi within the stipulated time.

#### SECRETARIAL AUDITORS

The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2022 is enclosed and forms part of this report. There is no secretarial audit qualification for the year under review.

The Board has approved re-appointment of Shri Vimal Chadha of M/s. Vimal Chadha & Associates, Company Secretaries (C.P. No. 18669, FCS No. 5758), as Secretarial Auditors to carry out the Secretarial Audit of the Company for three financial years from 2022-23 to 2024-25.

#### SECRETARIAL AUDIT OF MATERIAL UNLISTED INDIAN SUBSIDIARY

The Secretarial Audit of Rico Jinfei Wheels Limited, Rico Investments Limited (RIL) and Rico Aluminium and Ferrous Auto Components Limited (RAFA), Material Subsidiaries of the Company for the Financial Year 2021-22 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Reports of these Subsidiaries do not contain any qualification, reservation or adverse remark or disclaimer. These reports are annexed to this report.

#### ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the Financial Year 2021-22 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report has been submitted to the Stock Exchanges timely for the Financial Year 2021-22.

#### 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 applicable provisions of the Companies Act, 2013 (the Act), read with rules made thereunder, the declared dividends, which remained unpaid/unclaimed (₹0.23 crore) for a consecutive period of seven years have been transferred by the Company to the IEPF established by the Central Government pursuant to Section 125 of the Act.

Pursuant to the provisions of the section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules) a Company is required to transfer to the DEMAT Account of IEPF Authority all shares in respect of which dividends have not been paid or claimed for seven consecutive years or more. In accordance with the aforesaid provisions of the Act read with the rules, your Company, during the financial year 2021-22, had transferred 11090 shares pertaining to the financial year 2013-14 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 2021-22 impacting the going concern status and Company's operations in future.

#### APPLICATION/PROCEEDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year, the Company has not made any application under the Insolvency and Bankruptcy Code, 2016 (IBC) and there is no proceeding pending under IBC.

#### ONE-TIME SETTLEMENT WITH ANY BANK OR FINANCIAL INSTITUTION

There was no instance of one-time settlement with any Bank or Financial Institution.

#### PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

#### PERSONNEL

The information required under Section 197(12) of the Companies



Act, 2013 read with Rule 5(1), 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 31<sup>st</sup> March, 2022 are set out in the Annexure of this Report.

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

During the year under report, the Industrial relations with personnel remained cordial, at all Plants.

#### ACKNOWLEDGEMENTS

The Board wishes to place on record its sincere appreciation for

the continued assistance and support extended to the Company by Banks & Financial Institutions and various departments of Central & State Governments. Your Directors acknowledge with gratitude the encouragement and support extended by Company's valued shareholders, customers, business associates and other stakeholders. The Directors also place on record their appreciation of the sincere and unstinted support provided to the Company by its employees at all levels.

On behalf of the Board of Directors

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

Place : Gurugram

Date : August 25, 2022

## 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 31<sup>ST</sup> MARCH, 2022

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

#### A. CONSERVATION OF ENERGY

##### i) Steps taken or impact on the conservation of energy

Energy Conservation measures taken:

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

- a) Installation of LT Capacitor for improving power factor near to unity.
- b) Installation of variable speed drives in fan motors for the reduction in energy consumption.
- c) Renewable Energy consumption started with effect from 17<sup>th</sup> February, 2022 from 10 MW Solar Power park through Captive mode.
- d) Reduced energy consumption through:
  - Reduction in Compressed Air Pressure from 6.5 Bar To 5.0 Bar in Die Casting Machines.
  - Replacement of existing Water feed and circulation pumps with new high efficiency pumps.

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

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

Power Purchase Agreement for Roof Top Solar Installation is in advance stage for Rico Bawal and Manesar Plant. Also exploring other Solar Energy Suppliers.

##### iii) Capital Investment on Energy Conservation Equipment

No capital investment has been made during 2021-22.

#### B. Technology Absorption

##### i) Efforts made towards technology absorption

- a) Enhancing capacity of **Electric Vehicle** parts, various options of product & process improvement explored & deployed for Cycle Time & OEE improvement.
- b) Development of Four Wheeler Engine and **Hybrid Transmission** parts by Aluminium High Pressure Die Casting, trials conducted, deployed dedicated casting and machining cells to get finish parts.
- c) Development of Oil Pumps parts by Aluminum High Pressure Die Casting, trials conducted & samples submitted.
- d) Development of Differential Housing and cover parts by Aluminum High Pressure Die Casting, trials conducted & samples submitted.
- e) Enhancing capacity of Oil Pan parts, various options of product & process improvement explored & deployed for Cycle Time & OEE improvement.
- f) Development of High strength Case Differentials by ferrous casting process, developed tooling, trial conducted, samples submitted, deployed dedicated machining cells to get finish parts.
- g) Development of Flywheels by ferrous casting process, developed tooling, trials conducted, samples submitted.
- h) Horizontal deployment of automation in casting & machining operation by using Robots, several projects taken, consultation with domain experts sought, trials conducted.
- i) Development of clutch for Two Wheelers, consultation with domain experts sought, CAE simulation done, testing conducted, new material identified & developed in India.
- j) Developing (CNC) the Special Purpose Machine (SPM) for transmission parts, explored various available solutions, various trials conducted and provided Indigenous Solution.

- k) Productivity improvements in various running project, Improvement alternatives were analyzed & optimized with the help of casting process simulation software.
- l) Development of new products, various improvements alternatives were analyzed & optimized with the help of casting process simulation software.
- ii) **Benefits derived like product improvement, cost reduction, product development or import substitution**
- a) Development of Hybrid Transmission Parts for Passenger Vehicles – In house development of tooling in short time & on time delivery of samples and establishment of production line will result in business growth and new opportunities.
- b) Development of Flywheels – In house tooling and casting process developed, production line established, will result in business growth and new opportunities.
- c) Development of Two Wheeler Clutch – In house development will result in cost reduction & Import substitution.
- d) Development of paper type friction material – In house development of paper type friction material resulted in cost reduction & import substitution.
- e) Performance testing of various products conducted
- f) Development of High Precision CNC Special Purpose Machine (SPM) for transmission parts - In house development will result in cost saving and import substitution.
- g) Automation of casting cell with full robotic fettling will result in manpower reduction, Productivity improvement & Product Quality consistency.
- h) Automation of machining cell with full robotic loading and unloading will result in manpower reduction and Productivity improvement.
- i) Cycle Time Improvement will result in Productivity & Cost Reduction.
- j) Product improvements - Helped in improvement of Overall Equipment Effectiveness (OEE).
- iii) **Information regarding imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable**
- a) The details of technology imported : N.A.
- b) The year of import : N.A.
- c) Whether the technology been fully absorbed : N.A.
- d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof : N.A.
- iv) **Expenditure incurred on Research and Development**
- a) Capital Expenditure (Net of Sale/Disposal) including Capital Work-in-Progress as on 31.03.2022 – ₹35.09 crores
- b) Capital Expenditure during the year 2021-22 – ₹0.43 crore
- c) Capital Work-in-Progress during the year 2021-22 – ₹2.65 crores
- d) Recurring Expenditure – ₹8.76 crores
- e) Depreciation – ₹1.82 crores
- f) Total (b to e) – ₹13.66 crores
- g) Total R&D expenditure as percentage to total turnover – 0.85%
- C. Foreign Exchange Earnings and Outgo**
- Total foreign exchange used and earned: (₹ in Crores)
- | Particulars                        | 2021-2022 | 2020-2021 |
|------------------------------------|-----------|-----------|
| i) Expenditure in foreign currency | 19.05     | 82.72     |
| ii) Foreign Exchange earned        | 454.78    | 358.87    |
- On behalf of the Board of Directors
- Arvind Kapur**  
Chairman, CEO & Managing Director  
(DIN: 00096308)
- Place : Gurugram  
Date : August 25, 2022

# ANNEXURE TO DIRECTORS' REPORT

## MANAGEMENT DISCUSSION & ANALYSIS

### 1. ECONOMIC OVERVIEW

#### 1.1 Global Economic Overview

The Global Economy has been adversely affected by economic headwinds from multiple quarters. Just as the economy was on the road to recovery from the whopping losses incurred on account of the pandemic, the world was hit by yet another major humanitarian crisis in form of the geopolitical conflict.

In the current scenario, this crisis has led to Inflation as there is a spike in fuel and food prices affecting low-income countries the hardest. Global growth is also projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. War-induced commodity price increases and mounting price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies - 1.8 and 2.8 percentage points higher respectively than projected last January. The world is working on a comprehensive approach and multilateral efforts are being put in to respond to the humanitarian crisis with a peaceful resolution, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic. Aided by collective resilience we are on the path to recovery.

#### 1.2 Indian Economic Scenario

Consequently, for two years Indian economy continued to be gripped under the cloud of repeated pandemic waves, supply-chain disruptions and more recently with geopolitical tensions, we have also been hit by inflation. However, our government's immediate response was a bouquet of safety-nets to cushion the impact on vulnerable sections of society and the business sector. Widespread vaccination programs were undertaken which proved critical for opening up the economy. Despite all the disruptions caused by the global pandemic, India's balance of payments remained in surplus throughout the last two years. Mounting fiscal deficits will also be offset with increased revenue in 2021-22. Overall, macro-economic stability indicators suggest that the Indian economy is well placed to take on the challenges of 2022-23.

According to the World Bank June 2022 Global Economic Prospects, India's growth in fiscal year 2021-22 was 8.7%, with the release of pent-up demand late last year following the mid-2021 wave of the pandemic. Our unique, flexible, iterative "Agile" approach has helped us rise in this environment of extreme uncertainty. Overall Indian economic activity has recovered past the pre-pandemic levels.

#### Outlook

As per the World Bank report, global growth is projected to have slowed by 2.7 percentage points between 2021 and 2024. The effects of humanitarian crisis coupled with inflationary pressures has led to this issue along with a deep regional slowdown, and substantial negative global spillovers that are magnifying pre-existing strains from the pandemic.

Monetary authorities as well as central banks need to continue strengthening the monetary policy changes to bring inflation back to target but also keeping economic growth in mend. International cooperation remains essential to defuse geopolitical tensions and avoid fragmentation, end the pandemic, and respond to the myriad challenges. Investing

in education, digital transformation and promoting labor force participation will drive our economies in the growth cycle.

### 2. INDUSTRY STRUCTURE AND DEVELOPMENT

#### 2.1 Global Automobile Industry

Post pandemic, the automotive sector is all set to follow a growth trajectory in 2022. Automakers made use of the slowdown to rediscover themselves by adopting digital transformation in line with a consumer shift towards safety, convenience, environment-friendly personal mobility over public or shared mobility.

The move toward an electric mobility future is no longer just a possibility. Electric and autonomous vehicles could in fact become the norm by 2030. It is expected that the market share of conventional internal combustion engines will shrink to about 20 percent by 2050, while electrified vehicles are projected to account for eight out of ten vehicle sales. Growth in pure battery electric vehicles' market share shows consumer preference set on fully electric cars. Overall, rising popularity of electrified vehicles could prove vital in carbon dioxide mitigation. That said, investments in charging infrastructure and the extension of current and new governmental subsidy programs for purchasing electric vehicles would be necessary to facilitate higher numbers. Further, reports indicate that close to one million new cars sold in 2024/2025 will have higher automation levels and around 18.43 million new cars will have level 2 automation, which will allow drivers to take their hands off the wheel.

While we witnessed that post the Covid-19 pandemic, the global light vehicle production dropped to some 70 million units in 2020 but the automotive market is expected to bounce, reaching the pre-pandemic production volumes around the year 2023. It is expected that by 2023, light vehicle sales will grow by nearly five percent year-on-year, while the 2025 projected numbers stand at 99 million light vehicles worldwide.

This is subject to easing of the availability of Semi-Conductor & Chips which is expected to stabilised by end of 2023.

All these advancements and automotive technology will lead the change considerably for the automobile sector in the next decade.

#### 2.2 Indian Automobile Industry

With contribution of ~7.1% of our GDP, the Indian automotive industry can be ascertained as the major building block of Indian economic growth. Our industry recovered substantially in FY 21-22 due to increased general economic activity and is expected to reach US\$ 300 billion by 2026. India's annual production of automobiles in FY21 was 22.65 million vehicles, while 13 million vehicles were produced between April-October 2021. For the calendar year (CY) 2021, all segments showed growth, and total sales increased by 5.8% to 18.49 million units, compared to 17.47 million units in January-December 2020.

According to IBEF report, the Indian auto industry is expected to record strong growth in 2022-23, post recovering from effects of COVID-19 pandemic. Electric vehicles, especially two-wheelers, are likely to witness positive sales in 2022-23.

#### Automobile Sales and Production Trends

In FY 21-22, the automobile industry recovered substantially compared to FY 20-21 due to revival of economic activities.

Passenger vehicles, commercial vehicles and three-wheeler have witnessed growth while the two-wheeler segment continues to post a downward trend. Although, the industry as a whole continued to face the wrath of semi-conductor shortages.

According to SIAM, in FY 21-22, domestic automobile industry registered a nominal growth in production of 1.23 per cent,

while the sale of passenger vehicles and commercial vehicles surged by 13.20 per cent and 26.03 per cent respectively. Further the industry noted considerable increase of 18.93 per cent in sales of three-wheelers, however two-wheelers demand has been impacted by affordability issues and slowdown in rural areas which cumulatively led to a de-growth of (-) 10.94 in sale of two-wheelers from FY 20-21.

#### Automobile Production Trends

(In Numbers)

Category	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Passenger Vehicles	3,801,670	4,020,267	4,028,471	3,424,564	3,062,280	3,650,698
Commercial Vehicles	810,253	895,448	1,112,405	756,725	624,939	805,527
Three Wheelers	783,721	1,022,181	1,268,833	1,132,982	614,613	758,088
Two Wheelers	19,933,739	23,154,838	24,499,777	21,032,927	18,349,941	17,714,856
Quadracycle	1,584	1,713	5,388	6,095	3,836	4,061
Grand Total	25,330,967	29,094,447	30,914,874	26,353,293	22,655,609	22,933,230

(Source: SIAM)

#### Domestic Sales Trends

(In Numbers)

Category	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Passenger Vehicles	3,047,582	3,288,581	3,377,389	2,773,519	2,711,457	3,069,499
Commercial Vehicles	714,082	856,916	10,07,311	717,593	568,559	716,566
Three Wheelers	511,879	635,698	7,01,005	637,065	2,19,446	260,995
Two Wheelers	17,589,738	20,200,117	21,179,847	17,416,432	15,120,783	13,466,412
Quadracycle	0	0	627	942	-12	124
Grand Total	21,863,281	24,981,312	26,266,179	21,545,551	18,620,233	17,513,596

(Source: SIAM)

#### Automobile Exports Trends

IBEF reported that automobile exports reached 4.13 million vehicles in FY21, growing at a CAGR of 3.47% during FY16-FY21. The target is to boost the vehicles export by five times in 2016-26. According to SIAM, In April-March 2022, overall automobile exports upsurged by 35.88 per cent with all segments showing an upward trend. During this period, major rise in exports of 83.37 per cent was seen in commercial vehicles followed by 42.90 per cent, 35.34 per cent and 27.16 per cent rise in export of passenger vehicles, two wheelers and three wheelers respectively.

The rising exports trend is on account of revival of economy post the pandemic waves. The automobile sector also received cumulative equity FDI inflow of about US\$ 30.78 billion between April 2000 and September 2021. Further the government expects the sector to attract US\$ 8-10 billion in local and foreign investments by 2023. These developments will help create opportunities at all levels of the automotive value chain. Although the industry continues to recover from the pandemic and geopolitical tensions but with active support and implementation of government initiatives and innovation this sector will soon reclaim the lost glory.

#### Automobile Exports Trends

(In Numbers)

Category	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Passenger Vehicles	758,727	748,366	676,192	662,118	404,397	577,875
Commercial Vehicles	108,271	96,865	99,933	60,379	50,334	92,297
Three Wheelers	271,894	381,002	567,683	501,651	393,001	499,730
Two Wheelers	2,340,277	2,815,003	3,280,841	3,519,405	3,282,786	4,443,018
Quadracycle	1,556	1,605	4,400	5,185	3,529	4,326
Grand Total	3,480,725	4,042,841	4,629,049	4,748,738	4,134,047	5,617,246

(Source: SIAM)

#### Emerging Electric Vehicles Dynamics

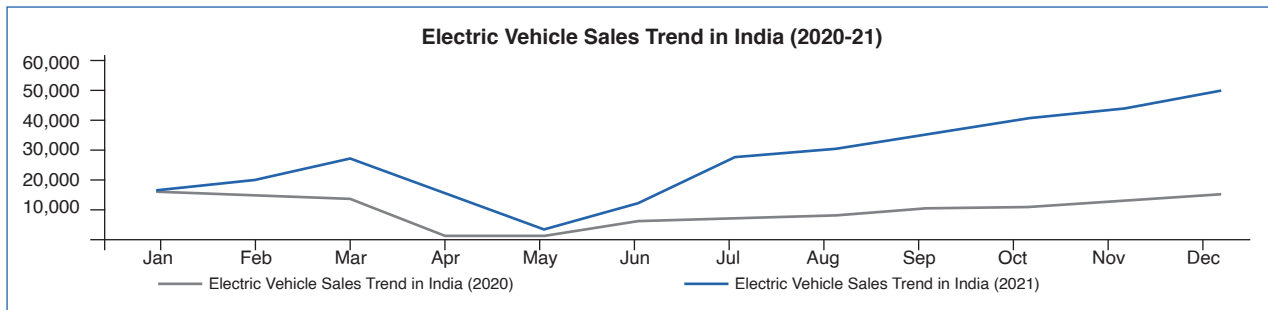
Electric vehicles (EVs) are proving to be the most promising technology that not only facilitates zero carbon emissions but also enables the diversification of transportation sector's fuel mix and addresses energy security concerns. In addition, EVs are two-to-four times more efficient than conventional combustion engine models. Additionally, EV fleets are expanding at a fast pace with dropping cost of batteries and EVs. This progress promotes electrification of transport modes such as two/three-wheelers and heavy/light-duty vehicles.

Per IBEF reports, In Q3 FY22, electric vehicles sales led by two wheelers & three wheelers reached a new peak of

5,592 units. Overall, in 2021 EV industry witnessed a growth of 168% over last year's sales (Low base). Investment flow into EV start-ups in 2021 touched an all-time high, increasing nearly 255% which further will add to creation of five crore job opportunities in this industry by 2030. According to NITI Aayog, India's EV finance industry is likely to reach US\$ 50 billion by 2030. A report by India Energy Storage Alliance estimated that the EV market in India is likely to increase at a CAGR of 36% until 2026. In addition, projection for the EV battery market is expected to grow at a CAGR of 30% during the same period. A cumulative investment of ₹12.5 trillion (US\$ 180 billion) in vehicle production and installation of charging infrastructure would be necessary by 2030 to meet India's EV ambitions.

Going a notch higher, the government of India and Indian automotive industry has mutually agreed to lay down the roadmap for development of this industry under Automotive Mission Plan 2016-26. In the Union Budget 2022-23, the government introduced a battery-swapping policy, which will allow drained batteries to be swapped with charged ones at designated charging stations, thus making EVs more viable for potential customers. Faster Adoption and Manufacturing of Electric and Hybrid Vehicles (FAME II) scheme is India's key national policy relevant for EVs. As of June 2021, ₹871 crore (US\$ 117 million) has been spent under the FAME-II scheme and further significant acceleration is the need of

the hour to achieve both the program targets and national targets of 30% EV sales by 2030. In November 2021, the Union Government added >100 advanced technologies, including alternate fuel systems such as compressed natural gas (CNG), Bharat Stage VI compliant flex fuel engines, electronic control units (ECU) for safety, advanced driver assist systems and e-quadricycles, under the PLI scheme for automobiles. As per reports, EVs especially two-wheelers are likely to witness positive sales in 2022-23. Every effort is required from the automobile industry to drive this change and lead as frontrunners in the domain of e-mobility in India.



(Source: IBEF)

### 2.3 Indian Auto Component Industry

India is emerging as the global pivot for auto component sourcing. Despite the slow take-off in vehicles sales due to supply-side issues, the auto component industry demonstrated a remarkable turn-around in the first-half of FY 21-22.

According to IBEF April 2022 report, the industry registered a CAGR of 3.28% between FY16 to FY21 reaching US\$ 45.90 billion in FY21. Exports grew at a CAGR of 4.19% during FY16-FY21 to reach US\$ 13.30 billion in FY21. The auto components industry accounted for 7.1% of India's GDP, contributed 49% to the manufacturing GDP, and provided employment to 50 lakh people in FY21. It is further expected to grow to US\$ 200 billion by FY26. As per Automobile Component Manufacturers Association (ACMA), Auto component exports are expected to grow at 23.9% annually to reach US\$ 80 billion by 2026. 100% FDI is allowed under the automatic route for auto components sector. India is outwitting the global players in the auto components categories such as shafts, bearings and fasteners which forms the base for higher exports in coming years. Further, the government has launched Production-Linked Incentive scheme (PLI) and selected 75 companies for automobile and auto components industry for five years that has outlay of ₹25,938 crores. The core intention of this program is not just to make our industry globally competitive but also to add the much-needed momentum to the "Make in India" initiative even though some changes would be welcome. Initiatives such as these with modification will go a long way in putting our auto-component sector on the path to excellence.

#### Outlook

FY 21-22 was a challenging business year across the globe and the auto industry has not been an exception. Indian government's policy safety-net and action-oriented perspective of the industry is helping the industry tide over the unprecedented challenges posed by the pandemic as also the geopolitical tensions.

Government has launched the PLI scheme for automobile and the auto component industry, for the next 5 years-starting

FY 22-23 with an outlay of ₹26,000 crores. This is to help the industry overcome the supply chain disruption, cost disabilities and bring economies of scale. This scheme aims to facilitate the value chain to higher value-added products apart from generating employment. Further the government aims to develop India as the research & development hub (R&D). It has set up the National Automotive Testing and R&D Infrastructure Project (NATRiP) centers as well as the National Automotive Board to act as a facilitator between the Government and the industry. In March 2021, the government announced to offer fresh incentives to companies making electric vehicles (EVs) as part of its broad auto sector scheme. The scheme is expected to attract US\$ 14 billion of investment in the next five years. Further the automotive industry (including component manufacturing) is expected to reach ₹16.16 to 18.18 trillion (US\$ 251.4 to 282.8 billion) by 2026. The industry is expected to record strong growth in 2022-23, post recovering from effects of COVID-19 pandemic. Electric vehicles, especially two-wheelers, are likely to witness positive sales in 2022-23.

Today's economies are dramatically changing, triggered by accelerated technological advancements and changing consumer preferences. The automotive industry is therefore relentlessly focused on reinforcing and accelerating the new trends and driving growth.

At RICO, we are geared up to leverage these trends and to expand to new horizons, reach new customer bases, drive digitization and pave the path for E-mobility. Our commitment to uncompromising quality and innovation excellence will help us to provide exemplary services to our customers leading to our vision of being the preferred supplier across the globe.

### FINANCIAL PERFORMANCE

#### 1. Revenue

Despite the Lockdown total revenue of ₹1623.16 crores was recorded in the financial year ended 31<sup>st</sup> March, 2022 as against revenue of ₹1304.70 crores in the previous year. The total revenue for the financial year ended



31<sup>st</sup> March, 2022 includes export revenue of ₹455.08 crores as against ₹358.87 crores in the previous year, a growth of 26.81 per cent in export.

## 2. Profits

The Company has earned Profit before Interest, Depreciation and Tax (PBITD) of ₹151.15 crores during the financial year ended 31<sup>st</sup> March, 2022 over the previous year's PBITD of ₹93.34 crores. The Profit before Tax of ₹34.31 crores and Profit after Tax of ₹22.85 crores were recorded in the financial year 2021-22. In order to address the impact of interest rate, material cost, energy cost, availability of power and volatility in foreign exchange, your Company is taking appropriate measures to improve the profitability for a sustained growth.

## 3. Earnings Per Share (EPS)

The Basic and Diluted EPS of ₹1/- paid-up share is ₹1.69 for the financial year ended 31<sup>st</sup> March, 2022. The previous year's Basic and Diluted EPS was ₹(0.43) on ₹1/- paid-up share.

## Key Financial Ratios

Key Financial Ratios are given below:

Ratio	Measurement unit	As at 31 March, 2022	As at 31 March, 2021	Change	Remarks
		Ratio	Ratio		
Current ratio	Times	0.81	0.94	-14%	N.A.
Debt-equity ratio	Times	0.91	0.87	4%	N.A.
Debt service coverage ratio	Times	1.04	0.75	40%	Ratio has improved due to better business performance during the year
Return on equity ratio	Percentage	3.87%	-0.99%	491%	Ratio has improved due to better business performance during the year
Inventory turnover ratio	Times	5.38	5.30	2%	N.A.
Trade receivables turnover ratio	Times	4.60	4.34	6%	N.A.
Trade payables turnover ratio	Times	3.68	4.18	-12%	N.A.
Net capital turnover ratio	Times	-10.74	-34.56	-69%	Ratio has worsened due to increased current liabilities of the Company
Net profit ratio	Percentage	1.43%	-0.45%	416%	Ratio has improved due to better business performance during the year
Return on capital employed	Percentage	6.55%	2.90%	126%	Ratio has improved due to better business performance during the year
Return on investment	Percentage	3.50%	8.42%	-58%	N.A.

## INDIAN ACCOUNTING STANDARDS (Ind AS)

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

## RICO EXECUTIVE COMMITTEE (REC)

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

## RISKS & CONCERNS

The Risk Management Committee has been constituted on 31<sup>st</sup> May, 2021 to look after risks and concerns of the Company.

## 4. Dividend

Your Directors have recommended a Dividend @40 percent i.e. ₹0.40 per Equity Share of ₹1/- each for the financial year 2021-22 amounting to ₹5.41 crores on the equity share capital of ₹13.53 crores as against a dividend of 20 per cent i.e. ₹0.20 per Equity Share of ₹1/- each aggregating to ₹2.71 crores in the previous year on the same Equity Share Capital.

## 5. Reserves & Surplus

The reserves and surplus of the Company stood at ₹588.82 crores as against ₹564.87 crores in the previous year.

## 6. Loan Funds

Total debt outstanding as on 31<sup>st</sup> March, 2022 stands at Term Loan & Buyers Credit of ₹284.17 crores and Working Capital Loan of ₹241.05 crores aggregating to ₹525.21 crores as against Term Loan & Buyers Credit of ₹313.53 crores and Working Capital Loan of ₹187.48 crores aggregating to ₹501.01 crores in the previous year. Low cost funds have substituted high cost loans, improving the finance cost.

The Company is exposed to external and internal risks associated with the business. The operations of the Company are directly dependent on the Automotive Industry and the cyclical nature of the industry affects us. General economic conditions impact the automotive industry and in turn our operations as well.

To counter these risks, we continue to broaden our product portfolio, increase our customer profile and geographic reach. The Company is exposed to strong competitive pressures, both domestic and overseas. Company's established reputation, close customer relationships, ability to provide higher level of engineering, design support and relentless drive for improvement gives us a competitive edge. We are also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices. We are fully aware of risks and are therefore implementing a structured risk management system. The Company is taking steps to ensure

the effective risk management including risk identification and its mitigation through proper insurance covers and other strategies.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

#### HUMAN RESOURCES

Our people are our strength and 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 DOJO Center boost their morale & performance through employee engagement activities like Kaizen Awards, Quality Circle, Family Connect Program, Sports Activity & Town Hall meetings etc. There are 4214 employees including 2656 contractual employees in the Company as on 31<sup>st</sup> March, 2022.

#### ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT

The Company is committed to continuous improvement in Environment, Health and Safety Systems (EHS) in the organization and ensuring compliance with all applicable legal and customer requirements. Behavior Based Safety and Clean Development Mechanism (CDM) Projects are new initiatives taken to inculcate safe working culture and to reduce carbon foot prints. 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/act and to take proactive, preventive actions for the same. This strategy will help us to improve EHS performance indicators e.g. reduction in Lost Time Injury Frequency

Rate (LTIFR) and Severity Rate. We believe that health is wealth, so regular health camps and awareness sessions are incorporated in the EHS plan. We are committed for continual improvement in the ISO 14001 and ISO 45001 Systems. We verify adherence to the EHS systems through internal and external audits.

#### INFORMATION TECHNOLOGY

We are continually acquiring state-of-the-art technology and information resources. Continuous improvement in terms of availability and security of information is our priority. Several initiatives are taken to improve automation, process performance & controls. Technologies like Disaster recovery site, Private Cloud and Cloud Storage are helping us to protect vital information in the event of any disaster. Digital Signature & two-factor authentication (2FA) is implemented for better security. Video Conferencing Technology implemented that allows users in different locations to hold real-time face-to-face meetings, company meetings, job training sessions, or addressing board members.

The Company is moving more towards generating business intelligence reports using IT Infrastructure & implementing collaboration technology to improve productivity through Internet of Things (IOT). The Company operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 and a certificate in that respect has been received from KVQA.

#### RESEARCH AND DEVELOPMENT (R&D)

Research and Development (R&D) is necessary for sustenance of business and meeting continuously enhanced customer requirements. Rico R&D team is continuously working on development of new products and processes to meet customer requirements.

R&D Team is providing end to end solutions, from Product to Manufacturing process development, In-house Special Purpose Machine (CNC) design & development, In-house Die Design & Manufacturing, Automation, Quality control and Continuous improvement etc., making RICO a preferred supplier.

R&D Team has successfully developed many e-mobility, transmission & engine parts, 2wheeler clutches with paper type friction material, which are first of its kind as indigenous development.

#### 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

### BUSINESS RESPONSIBILITY REPORT

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

#### INTRODUCTION

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

#### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	<b>Corporate Identity Number (CIN) of the Company</b>	L34300HR1983PLC023187	
2.	<b>Name of the Company</b>	Rico Auto Industries Limited	
3.	<b>Registered Address</b>	38 KM Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana	
4.	<b>Website</b>	www.ricoauto.in	
5.	<b>E-mail id</b>	cs@ricoauto.in	
6.	<b>Financial Year reported</b>	1 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022	
7.	<b>Sector(s) that the Company is engaged in (industrial activity code-wise)</b>	NIC Code No.	29301
		Product Description	Manufacturing of Auto Components for Motor Vehicles such as Clutches, Panel, Housing etc.
8.	<b>List three key products/services that the Company manufactures/provides (as in balance sheet)</b>	Clutch, Panel, Housing and Electric Vehicle Products	
9.	<b>Total number of locations where business activity is undertaken by the Company</b>	The Company has two subsidiaries outside India engaged in the trading of Auto Components and providing warehousing, logistics and last mile support to our OEM and Tier-I customers in North America, Mexico and European Markets.	
	<b>(a) Number of International Locations (Provide details of major 5)</b>		
	<b>(b) Number of National Locations</b>	<b>State/Union Territory</b>	<b>Location</b>
		Haryana	Gurugram, Distt. Gurugram and Bawal, Distt. Rewari
		Uttarakhand	Begumpur, Distt. Haridwar
		Tamil Nadu	Oragadam, Distt. Kanchipuram (Chennai)
		Rajasthan	Pathredi, Distt. Alwar
		Gujarat	Halol, Distt. Panchmahal
10.	<b>Markets served by the Company – Local/State/National/ International</b>	National and International (By the Company and its Subsidiaries)	

#### SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON 31/03/2022

1.	<b>Paid up Share Capital (INR)</b>	₹13.53 crores
2.	<b>Total Turnover (INR)</b>	₹1623.16 crores
3.	<b>Total profit/(loss) after taxes (INR)</b>	₹ 22.85 crores
4.	<b>Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)</b>	Total amount incurred on CSR for 2021-22 is ₹72.00 Lakhs which is 2.93% of average net profits of the Company made during the three immediately preceding financial years.
5.	<b>List of activities in which expenditure in 4 above has been incurred</b>	The CSR amount is spent in following broad areas: i) Promoting healthcare including preventive healthcare ii) Rural Development Projects iii) Promoting Education, Skill Development and Sports iv) Sanitation  (For detailed activities refer CSR Report as Annexure to the Board's Report)

## SECTION C: OTHER DETAILS

1.	<b>Does the Company have any Subsidiary Company/Companies?</b>	<p>Yes, the following are Subsidiary Companies:</p> <ul style="list-style-type: none"> <li>i. AAN Engineering Industries Limited – Wholly Owned Subsidiary</li> <li>ii. Rico Auto Industries Inc., USA – Wholly Owned Subsidiary</li> <li>iii. Rico Auto Industries (UK) Limited – Wholly Owned Subsidiary</li> <li>iv. Rico Investments Limited – Wholly Owned Subsidiary (w.e.f. 7<sup>th</sup> July 2021)</li> <li>v. Rico Fluidtronics Limited – Wholly Owned Subsidiary</li> <li>vi. Rico Friction Technologies Limited – Subsidiary (Formerly Metalart Friction Pvt. Ltd.) (w.e.f. 30<sup>th</sup> December, 2020)</li> <li>vii. Rasa Autocom Limited – Stepdown Subsidiary</li> <li>viii. Rico Jinfei Wheels Limited – Stepdown Subsidiary</li> <li>ix. Rico Aluminium and Ferrous Auto Components Limited – Stepdown Subsidiary</li> </ul> <p>(For more details refer Form AOC-1, which forms part of the Annual Report)</p>
2.	<b>Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(ies)</b>	Yes, Subsidiary Companies are encouraged to participate in the Business Responsibility (BR) Initiatives of the Company. The details of Subsidiaries of the Company form part of the Financial Statements of the Annual Report.
3.	<b>Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, More than 60%)</b>	BR Initiatives are limited to operations of the Company. The other entities do not participate in the BR Initiatives of the Company.

## SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

## 1. Details of Director/Directors responsible for BR

## (a) Details of the Director responsible for implementation of the BR Policy/Policies

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

## (b) Details of the BR Head

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

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

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

## 2(a). Details of Compliance (Reply in Y/N)

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

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

## 3. Governance related to BR

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

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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



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

1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company manufactures various auto parts viz. clutch, panel for two-wheeler and cylinder block & housing for four-wheeler OEMs across the globe. All of its products pass through rigid quality standards. The Company also adheres to International Organisation for Standards (ISO) Certifications guidelines. The Company has ISO 9000, IATF 16949-2016 for Quality Management systems, ISO 14001 for Environment Management Systems and ISO 45001:2018 for Occupational Health and Safety.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)	The products require high level of energy, water or raw material. The design of the products addresses environment concerns and risk. The Company always make efforts towards optimum utilisation of the resources.
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	As a part of our sourcing strategy, we have process and procedure in place from sourcing end to end supply chain. Some key process includes Supplier selection - Complete evaluation of supplier on management/ technology & design control/ process/quality control/process control, Advanced Product Quality Planning (APQP) cycle for complete development to Standard Operating Procedure (SOP) and Vendor monitoring on Quality Cost Delivery Development (QCDD) aspect.
4.	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes, the Company procures various goods and services from local and small vendors as per their capacity. The Company regularly undertakes initiatives to support its vendors in the entire supply chain.
5.	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Company recycles material and wastes, wherever possible. The waste, which cannot be re-used is disposed off in an effective manner in compliance with applicable statutory provisions.

**Principle 3: Businesses should promote the wellbeing of all employees**

1.	Please indicate the Total number of employees.	1558 employees as on 31 <sup>st</sup> March, 2022 (On payroll employees)
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	2656 employees as on 31 <sup>st</sup> March, 2022
3.	Please indicate the Number of permanent women employees.	55 women employees as on 31 <sup>st</sup> March, 2022 (included in Point 1 above)
4.	Please indicate the Number of permanent employees with disabilities.	2 (Two) employees as on 31 <sup>st</sup> March, 2022
5.	Do you have an employee association that is recognized by management.	Yes, we have employee association which is registered under the Trade Union Act, 1926 in Gurugram.
6.	What percentage of your permanent employees is members of this recognized employee association?	Less than 20% of the permanent employees are members of this recognized employee association.

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

S. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on 31.03.2022
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory Employment	Nil	Nil

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

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

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

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

**Principle 5: Businesses should respect and promote human rights**

1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?	The Company ensures compliance with all applicable laws and strives to uphold the human rights of all its internal and external stakeholders. In this regard, quarterly compliance certificates are submitted to the Board.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaint was received pertaining to human rights violation during the financial year ended 31 <sup>st</sup> March, 2022.

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

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

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

1.	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	a) Automotive Component Manufacturer's Association (ACMA) b) Confederation of Indian Industry (CII) c) Gurgaon Industrial Association (GIA) d) NCR Chamber of Commerce & Industry e) PHD Chamber of Commerce & Industry
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).	The Company as a part of Industry makes representations, recommendations and opinion before above Chambers and Associations for making regulatory changes pertaining to the growth of the Industry.

**Principle 8: Businesses should support inclusive growth and equitable development**

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

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

1.	<b>What percentage of customer complaints/ consumer cases are pending as on the end of financial year.</b>	The Company promptly addresses all customer issues and there are no customer issues pending as on 31 <sup>st</sup> March, 2022.
2.	<b>Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)</b>	The information is displayed on products as required by applicable laws and customers requirement.

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

Particulars	No. of cases filed in the last five years	No. of cases pending as on 31.03.2022	Remarks
Alleged Unfair Trade Practices	Nil	Nil	N.A
Alleged Irresponsible Advertising	Nil	Nil	N.A
Alleged Anti-Competitive Behavior	Nil	Nil	N.A

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

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

# 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 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022 on the Corporate Governance is given below:

### 1. COMPOSITION OF BOARD

Rico Auto's Board consists of Ten Directors –Two Executive Directors, One Non-Executive Woman Director and Seven Independent Directors including one Woman Independent Director. 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 31<sup>st</sup> March, 2022 are as follows:

Name of the Director/Category	DIN	Number of Committees		Number of other Directorship held*	Shareholding as on 31/03/2022
		Membership held*	Chairmanship held*		
Non-Executive Independent Directors					
Shri Kanwal Monga	00153473	—	—	1	Nil
Dr. Amarjit Chopra	00043355	—	4	5	Nil
Dr. Ashok Seth	00050540	—	—	—	25000
Shri Satish Sekhri	00211478	1	2	5	1900
Shri Rajeev Kapoor	02051466	2	—	1	Nil
Shri Vinod Kumar Nagar	02487061	2	—	—	Nil
Ms. Sarita Kapur	08848507	—	—	—	Nil
Non-Executive Director					
Smt. Upasna Kapur	00327461	—	—	1	3453384
Executive & Promoter Directors					
Shri Arun Kapur, Joint Managing Director	00100270	1	1	1	8770849
Shri Arvind Kapur, Chairman, CEO & MD	00096308	3	—	5	12685960

\* Excluding Private Limited Companies, Foreign Companies and LLPs.

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

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

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

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

Name of Director	List of Core Skills/Expertise/Competencies
Shri Kanwal Monga	Management, Business Advisory, Project Management, Strategy and Finance.
Dr. Amarjit Chopra	Strategy, Management, Accounting, Auditing, Taxation, Budgeting, Costing, Investment, Corporate Laws, Corporate Banking and Finance.
Dr. Ashok Seth	Management, CSR and Human Resource Management.
Shri Satish Sekhri	Engineering, Operation, Strategy, Manufacturing, Management, Budgeting, Costing, Investment, Sales and Marketing.
Shri Rajeev Kapoor	Operation, Engineering, Manufacturing, Management, Marketing, Budgeting, Costing, Investment, Project Management, Performance Analysis, Project Financing, Corporate Banking and Risk Management.
Shri Vinod Kumar Nagar	Project Financing, Strategy, Planning & Resources, Budgeting, Costing and Corporate Banking.
Ms. Sarita Kapur	Legal Advisory Services, Contractual and Commercial matters, Public and Private International laws, Employment laws, Personal laws, Succession and trusts. Practicing Mediator affiliated with Samadhan, Delhi High Court, Accredited by the Ministry of Corporate Affairs and the Chartered Institute of Arbitrators, UK.
Smt. Upasna Kapur	Commercial, Human Resource Management and General Administration.
Shri Arun Kapur	Marketing, Export, General Administration, Human Resource Management and Strategy.
Shri Arvind Kapur	Management, Project Management, Purchase and Supply Chain Management, Strategy, Budgeting, Finance, Operations, Marketing, Production, Costing, Investment and Human Resource Management.

The name of listed entities (including this Company), where the Directors of the Company as on 31<sup>st</sup> March, 2022, hold directorship and the category thereof are furnished below:

Name of Director	Name of listed entity in which Directorship held	Category of Directorship
Shri Kanwal Monga	Rico Auto Industries Limited	Independent
Dr. Amarjit Chopra	Rico Auto Industries Limited	Independent
Dr. Ashok Seth	Rico Auto Industries Limited	Independent
Shri Satish Sekhri	Rico Auto Industries Limited	Independent
	Minda Industries Limited (upto 31.03.2022)	Independent
Shri Rajeev Kapoor	Rico Auto Industries Limited	Independent
	Lumax Industries Limited	Independent
Shri Vinod Kumar Nagar	Rico Auto Industries Limited	Independent
Ms. Sarita Kapur	Rico Auto Industries Limited	Independent
Smt. Upasna Kapur	Rico Auto Industries Limited	Non-Independent
Shri Arun Kapur	Rico Auto Industries Limited	Executive
Shri Arvind Kapur	Rico Auto Industries Limited	Executive
	Sandhar Technologies Limited	Independent
	Subros Limited	Independent

#### 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	5	5	Yes
Dr. Amarjit Chopra	5	5	No
Dr. Ashok Seth	5	2	No
Shri Satish Sekhri	5	5	Yes
Shri Rajeev Kapoor	5	5	No
Shri Vinod Kumar Nagar	5	5	Yes
Ms. Sarita Kapur	5	5	Yes
Smt. Upasna Kapur	5	4	Yes
Shri Arun Kapur	5	5	No
Shri Arvind Kapur	5	5	Yes

\* 38<sup>th</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2021 at the Registered Office of the Company through Video Conferencing.

The Board met five times during the financial year 2021-22. The meetings were held on 21/06/2021, 26/07/2021, 13/08/2021, 12/11/2021 & 11/02/2022. The interval between any two meetings was well within the maximum period of 120 days.

### C. Post Meeting Follow-up

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

### D. Familiarisation Programme for Independent Directors

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

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

### E. Board Evaluation

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

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

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations and the Guidance Note of Board Evaluation issued by SEBI in January, 2017, your Company has carried out Performance Evaluation in respect of above for the financial year ended 31<sup>st</sup> March, 2022.

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

### F. Independent Directors

Independent Directors of the Company met separately on 29<sup>th</sup> March, 2022, without the presence of Non-Independent Directors and members of Management. Except Dr. Ashok Seth and Shri Vinod Kumar Nagar, all the Independent Directors were present at the meeting through virtual mode. In accordance with the provisions of Listing Regulations and the Companies, Act, 2013, following matters were, inter alia, reviewed and discussed in the meeting:

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

## 2. COMMITTEES OF THE BOARD

The Board of Directors have constituted Committees to deal with specific areas and activities which concern the Company and need a closer review. The Board Committees are formed and their scopes are defined with approval of the Board. These Board Committees

play an important role in overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals, takes necessary steps to perform its duties entrusted by the Board. To ensure good governance, the Minutes of the Committee Meetings are placed before the Board on regular basis.

The Board has the following Committees:

#### A. AUDIT COMMITTEE

The Company has an Audit Committee since 1996 and is fully operational. The Committee consists of three Independent Directors and one Executive Director as on 31<sup>st</sup> March, 2022. 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
Dr. Amarjit Chopra	Chairman	6	6
Shri Rajeev Kapoor	Member	6	6
Shri Vinod Kumar Nagar	Member	6	6
Shri Arvind Kapur	Member	6	6

The Audit Committee met six times during the financial year 2021-22. The meetings were held on 19/06/2021, 26/07/2021, 13/08/2021, 27/10/2021, 12/11/2021 and 11/02/2022.

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

The Nomination and Remuneration Committee consists of three Independent Directors and one Executive Director as on 31<sup>st</sup> March, 2022. The Committee Meetings were held on 21/06/2021 and 11/02/2022 during the financial year 2021-22. The composition and attendance is as under:

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

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

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

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

iii) **Remuneration to Directors**

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

Remuneration to the Managing Director and Joint Managing Director is governed by resolutions passed by the Nomination and Remuneration Committee, Board of Directors and Shareholders of the Company, which cover the terms of appointment and payment of remuneration. The remuneration is by way of salary, perquisites, allowances (fixed components) and commission (variable components) on net profits of the Company subject to overall ceiling of 10 per cent as stipulated in Section 197 & 198 of the Companies Act, 2013 read with Regulation 17(6)(d) of the Listing Regulations. The details and terms of appointment and remuneration are as covered under the resolutions passed by the Shareholders.

Besides the above, there are no other pecuniary relationships or transactions with the Company. Neither Managing Director nor Joint Managing Director received any remuneration or commission from any of the Company's Subsidiaries, except sitting fee received by Shri Arvind Kapur, Managing Director for attending the Board Meeting of Rico Investments Limited, Subsidiary Company and from Rico Fluidtronics Limited, Subsidiary Company upto 17/09/2021.

(₹ in Lakhs)

Name of the Director	Sitting Fees	Salary	Perks	Commission	Total
<b>Non-Executive Directors</b>					
Shri Kanwal Monga	3.75	N.A.	N.A.	6.04	9.79
Dr. Amarjit Chopra	8.25	N.A.	N.A.	6.04	14.29
Dr. Ashok Seth	1.50	N.A.	N.A.	6.04	7.54
Shri Satish Sekhri	3.75	N.A.	N.A.	6.04	9.79
Shri Rajeev Kapoor	8.25	N.A.	N.A.	6.04	14.29
Shri Vinod Kumar Nagar	8.25	N.A.	N.A.	6.04	14.29
Ms. Sarita Kapur	3.75	N.A.	N.A.	6.04	9.79
Smt. Upasna Kapur	3.00	N.A.	N.A.	6.04	9.04
<b>Executive Directors</b>					
Shri Arun Kapur	N.A.	60.40	—	Nil	60.40
Shri Arvind Kapur	N.A.	656.13	144.46	Nil	800.59

iv) **Remuneration Policy**

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

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

v) **Stock Option**

At present the Company has no stock option plans.

**C. STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

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

The Stakeholders Relationship Committee met four times during the financial year 2021-22. The meetings were held on 21/06/2021, 13/08/2021, 12/11/2021 and 11/02/2022. 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. The 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 31<sup>st</sup> March, 2022 were One (1). There were no pending complaints as on 31<sup>st</sup> March, 2022.

**D. SHARE TRANSFER COMMITTEE**

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

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Arvind Kapur	Chairman	3	3
Shri Vinod Kumar Nagar	Member	3	3
Shri Arun Kapur	Member	3	2
Shri Rajeev Kapoor	Member	3	3

The Share Transfer Committee met Three (3) times during the financial year 2021-22. The meetings were held on 10/11/2021, 01/12/2021 & 08/12/2021. The Committee deals in matters relating to transmission and transposition of shares, issue of duplicate share certificates, transfer of shares to IEPF Authority, review of dematerialized and rematerialized shares.

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

**E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

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

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

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

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

The CSR Committee met four times during the financial year 2021-22. The meetings were held on 21/06/2021, 13/08/2021, 12/11/2021 and 11/02/2022.

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

The Company has CSR Policy which is available at Company website <https://www.ricoauto.in/investor-relation.html>. The CSR Report for the financial year 2021-22 is annexed with the Directors' Report.

**F. RISK MANAGEMENT COMMITTEE**

The Risk Management Committee has been constituted pursuant to the provisions of the Companies Act, 2013 consisting of three Independent Directors and one Executive Director. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Rajeev Kapoor	Chairman	4	4
Shri Kanwal Monga	Member	4	4
Dr. Amarjit Chopra	Member	4	3
Shri Arvind Kapur	Member	4	4

The scope of the Committee includes amongst others:

- Formulation of Risk Management Policy;
- Appointment, removal and terms of remuneration of the Chief Risk Officer;
- Appointment of consultant or professional to frame Risk Management Plans including policy and for subsequent monitoring and evaluation thereof;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity; and
- To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken.

The Risk Management Committee met four times during the financial year 2021-22. The meetings were held on 13/08/2021, 12/11/2021, 11/02/2022 and 11/03/2022.

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 Risk Management Policy which is available at Company website <https://www.ricoauto.in/investor-relation.html>.

### 3. DETAILS OF GENERAL BODY MEETINGS

Financial Year	Type of Meeting	Location/Mode of Meeting	Date	Time
2018-2019	36 <sup>th</sup> AGM	Registered Office at Gurugram	30/09/2019	12.00 Noon
2019-2020	37 <sup>th</sup> AGM	Through Video Conferencing	12/11/2020	12.00 Noon
2020-2021	38 <sup>th</sup> AGM	Through Video Conferencing	30/09/2021	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:

#### 36<sup>th</sup> AGM (30/09/2019)

1. Re-appointment of Shri Kanwal Monga (DIN: 00153473) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
2. Re-appointment of Shri Amarjit Chopra (DIN: 00043355) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
3. Re-appointment of Dr. Ashok Seth (DIN: 00050540) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
4. Re-appointment of Shri Satish Sekhri (DIN: 00211478) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
5. Re-appointment of Shri Rajeev Kapoor (DIN: 02051466) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
6. Re-appointment of Shri Vinod Kumar Nagar (DIN: 02487061) as an Independent Director for a second term of 5 (five) consecutive years from 30<sup>th</sup> September, 2019 to 29<sup>th</sup> September, 2024.
7. Approval for continuation of payment of remuneration to Executive Directors as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 37<sup>th</sup> AGM (12/11/2020)

1. Payment of Commission to Non-Executive Directors
2. Re-appointment of Shri Arun Kapur (DIN:00100270), Joint Managing Director and payment of Remuneration.

#### 38<sup>th</sup> AGM (30/09/2021)

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

#### Postal Ballot

During the financial year 2021-22, no resolution was passed through Postal Ballot.

### 4. DISCLOSURES

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

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

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

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

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

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

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



iv) **Risk Management:**

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

v) **Disclosure of Accounting Treatment:**

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

vi) **Preferential Issue:**

During the financial year 2021-22, no Preferential Issue was made.

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

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

viii) **Compliance with Mandatory Requirements:**

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

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

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

a) **The Board**

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

b) **Shareholder Rights**

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

c) **Audit Qualifications**

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

d) **Reporting of Internal Auditor**

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

x) **Related Party Transactions**

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

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

The Company manages its Commodity Price Risks by Linked Indexation with its customers which are settled quarterly as per benchmark reference. Similarly on Foreign Exchange Risk, the Company has Robust Exports and enjoys a Natural Hedge over the Imports/Borrowings denominated in Foreign Currency. It has an elaborate Forex Policy which is approved by the Board. The details of the Foreign Currency Exposure as on 31<sup>st</sup> March, 2022 are disclosed in notes of the Standalone Financial Statements.

**5. MEANS OF COMMUNICATION**

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

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

ii) Quarterly/Annual Results and Shareholding Pattern are displayed on Company's website at <https://www.ricoauto.in/investor-relation.html> and all important/price sensitive information are submitted to the BSE/NSE where the shares of the Company are listed and these Stock Exchanges display these announcements on their respective websites.iii) The Company's official press releases and any presentation made to the Institutional Investors or/and Analysts are displayed on website of the Company viz. <https://www.ricoauto.in/investor-relation.html>

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

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

Shri K.K. Sachdeva of M/s. K.K. Sachdeva & Associates, Company Secretaries (CP No.4721, FCS No.7153) carried out Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital as on 31<sup>st</sup> March, 2022 is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Report is being submitted to the Stock Exchanges and is also placed before the Board Meetings from time to time for confirmation.

## 7. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

Pursuant to SEBI (Prohibition of Insider Trading Regulations), 2015, the Company has a Board approved Code of Conduct to regulate, monitor and report trading by insiders ('Code of Conduct') and a Code of Practices and Procedures for Fair Disclosure of Unpublished price sensitive information ('Code of Fair Disclosure').

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

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

## 8. DIVERSITY ON THE BOARD OF THE COMPANY

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure that the Board of the Company has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company considers a number of factors, including but not limited to skills, industry experience, background and business acumen. Policy on Board Diversity is displayed on website of the Company viz. <https://www.ricoauto.in/investor-relation.html>

## 9. DIRECTORS AND OFFICERS INSURANCE

The Company has undertaken Directors and Officers Liability Insurance Policy (D and O Insurance) for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Company.

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

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2021-22.

## 11. CREDIT RATINGS

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2021-22.

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

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

## 13. REQUIREMENTS OF CORPORATE GOVERNANCE

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

## 14. CODE OF CONDUCT

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

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

I hereby confirm that:

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained from all the Board Members and Senior Management personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management in respect of the financial year ended 31<sup>st</sup> March, 2022.

Place : Gurugram  
Date : May 30, 2022

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

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

This is to certify that:

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March, 2022 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee that there are no deficiencies in the design or operation of internal controls.
- d) We have indicated to the Auditors and the Audit Committee:
  - i) that there has not been any significant changes in internal control over financial reporting during the year under report;
  - ii) that there has not been any significant changes in accounting policies; and
  - iii) that we are not aware of any instances during the year under report of any fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Gurugram  
Date : May 30, 2022

**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 : Friday, the 30<sup>th</sup> day of September, 2022 at 12.00 Noon  
Mode : The Company will conduct the meeting through Video Conferencing ('VC')/Other Audio-Visual Mean ('OAVM').
2. **Financial Calendar**  
Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March  
**For the year 2021-22, Results were announced on**  
First quarter ended 30<sup>th</sup> June, 2021 : 13<sup>th</sup> August, 2021  
Second quarter and half year ended 30<sup>th</sup> September, 2021 : 12<sup>th</sup> November, 2021  
Third quarter ended 31<sup>st</sup> December, 2021 : 11<sup>th</sup> February, 2022  
Fourth quarter and year ended 31<sup>st</sup> March, 2022 : 30<sup>th</sup> May, 2022  
**For the year 2022-23, Results will be announced on (Tentative)**  
First quarter ended 30<sup>th</sup> June, 2022 (announced) : 8<sup>th</sup> August, 2022  
Second quarter and half year ending 30<sup>th</sup> September, 2022 : November, 2022  
Third quarter ending 31<sup>st</sup> December, 2022 : February, 2023  
Fourth quarter and year ending 31<sup>st</sup> March, 2023 : May, 2023
3. **Dates of Book Closure** : 24<sup>th</sup> September, 2022 to 30<sup>th</sup> September, 2022 (both days inclusive)
4. **Dividend Payment Date** : Dividend @ ₹.0.40 per share would be paid within 30 days of declaration by the Shareholders in the Annual General Meeting.
5. **Registered Office** : 38 KM Stone, Delhi-Jaipur Highway, Gurugram - 122001 (Haryana) India
6. **Registrar and Transfer Agent** : M/s. MCS Share Transfer Agent Limited  
(Common for Physical Transfer as well as F-65, Okhla Industrial Area, Phase I,  
Dematerialisation of Shares) New Delhi – 110020
7. **Plant Locations**
  - Gurugram Plant**  
38 KM Stone, Delhi-Jaipur Highway  
Gurugram – 122001 (Haryana) India
  - Haridwar Plants**
    - i) Plot No.1 & 2, Industrial Park IV, Village Begumpur,  
Distt. Haridwar – 249403 (Uttarakhand) India
    - ii) Plot No.32, Industrial Park IV, Village Begumpur,  
Distt. Haridwar – 249403 (Uttarakhand) India
  - Chennai Plant**  
Plot No.A9, SIPCOT Industrial Growth Centre,  
Oragadam, Chennai – 602105 (Tamilnadu) India
  - Bawal Plant**  
Plot No.21-23, Sector-5, HSIIDC, Phase-II, IMT  
Bawal – 123501, Distt. Rewari (Haryana) India
  - Pathredi Plant**  
Plot No.SP3 800 & 801, Industrial Area Pathredi,  
Distt. Alwar – 301019 (Rajasthan) India
  - Halol Plant**  
Plot No.1602/A, GIDC  
Halol - 389350, Gujarat (India)
  - Gurugram Plant : Rico Aluminium and Ferrous Auto Components Limited**  
38 KM Stone, Delhi-Jaipur Highway, Gurugram – 122001 (Haryana) India
  - Gurugram Plant : AAN Engineering Industries Limited**  
38 KM Stone, Delhi-Jaipur Highway, Gurugram – 122001 (Haryana) India
  - Gurugram Plant : Rico Friction Technologies Limited**  
38 KM Stone, Delhi-Jaipur Highway, Gurugram - 122001 (Haryana) India
  - Manesar Plant : Rico Jinfei Wheels Limited**  
Plot No.397, Sector-8, IMT Manesar,  
Gurugram – 122050 (Haryana) India
  - Manesar Plant : Rico Fluidtronics Limited**  
Plot No.11, Sector-8, IMT Manesar,  
Gurugram – 122050 (Haryana) India
  - Dharuhera Plant**  
69 KM Stone, Delhi-Jaipur Highway  
Dharuhera, Distt. Rewari – 123110 (Haryana) India
  - Sanand Plant**  
Plot No.D2, Tata Motors Vendor Park, Village Sanand,  
P.O. Viroch Nagar, Ahmedabad – 382170 (Gujarat) India
  - Bawal Plant : Rasa Autocom Limited**  
Plot No.21, HSIIDC Phase-II, IMT Bawal – 123501  
Distt. Rewari (Haryana) India

## 8. Share Transfer System

### Physical

The transmission, transposition, 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.

Pursuant to the amendment in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subsequent notification(s) issued by SEBI, w.e.f. 1<sup>st</sup> April, 2019 except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. All the requests received from shareholders for transmission etc. are processed by the Share Transfer Agent of the Company within the stipulated time as prescribed in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 or in any other applicable law.

### Demat

Requests for dematerialization/re-materialization 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 2022-23 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 2022-23 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. 28<sup>th</sup> 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 31<sup>st</sup> March, 2022

Segment	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholding
Physical	608	0.82	337131	0.25
Demat	73858	99.18	134947869	99.75
<b>Total</b>	<b>74466</b>	<b>100.00</b>	<b>135285000</b>	<b>100.00</b>

## 11. Stock Market Data

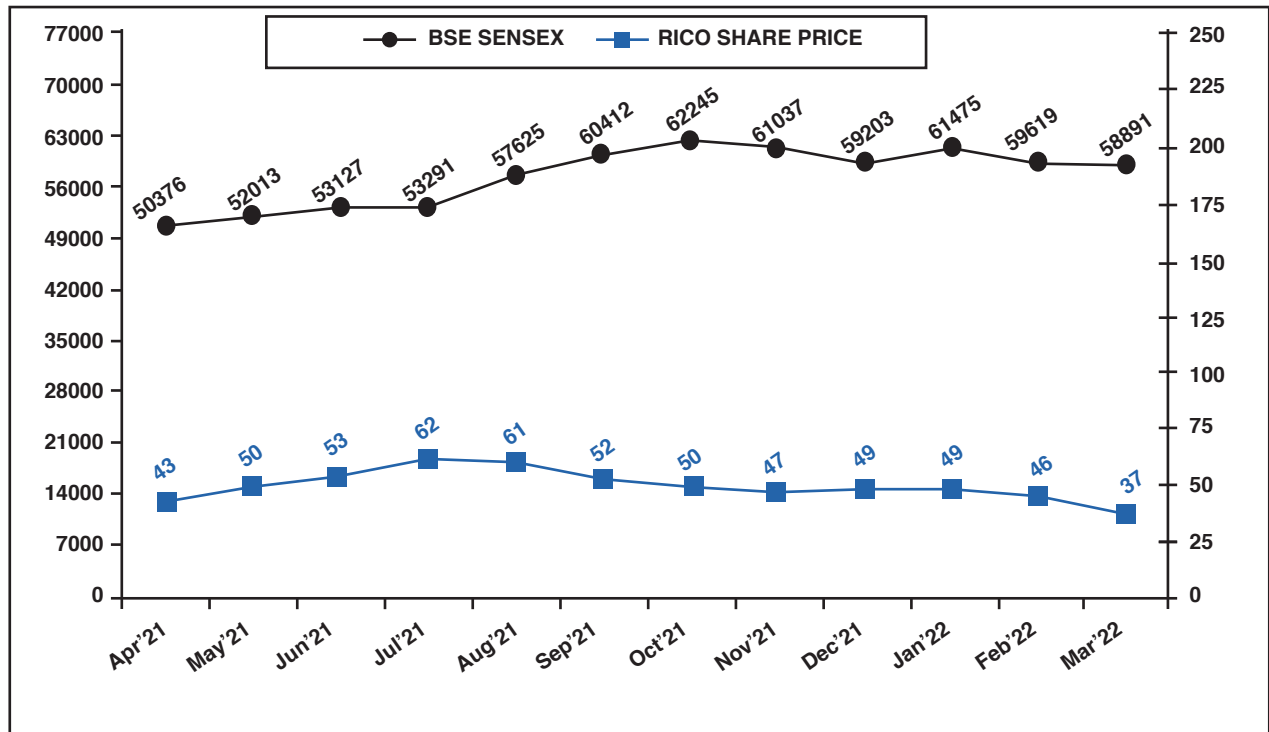
The closing price as on 31<sup>st</sup> March, 2022 of the Equity Shares at BSE and NSE is ₹31.60 & ₹31.65 respectively. Monthly high & low price and volume of shares of ₹1/- each traded at BSE and NSE for 2021-22 are as under:

Month/Year	BSE Limited (BSE)			National Stock Exchange (NSE)		
	High (₹)	Low (₹)	Volume of Shares Traded	High (₹)	Low (₹)	Volume of Shares Traded
April, 2021	42.90	35.40	1365111	42.15	35.30	14231979
May, 2021	49.75	39.10	2713807	49.80	39.10	28880470
June, 2021	53.15	44.55	5203513	53.20	44.25	46050041
July, 2021	62.30	46.50	5343697	62.40	46.50	51148917
August, 2021	61.00	45.50	3438343	61.00	45.85	21891632
September, 2021	52.20	45.60	1120968	52.40	45.90	9757053
October, 2021	49.65	42.10	1115308	49.65	41.90	10991325
November, 2021	46.80	40.20	911433	46.85	40.25	7206962
December, 2021	49.10	40.60	1715911	49.00	40.50	10283838
January, 2022	49.45	42.80	1831149	49.55	42.50	12100141
February, 2022	46.00	34.25	806167	45.70	34.10	6762644
March, 2022	37.10	31.20	1626311	37.00	31.30	7973442

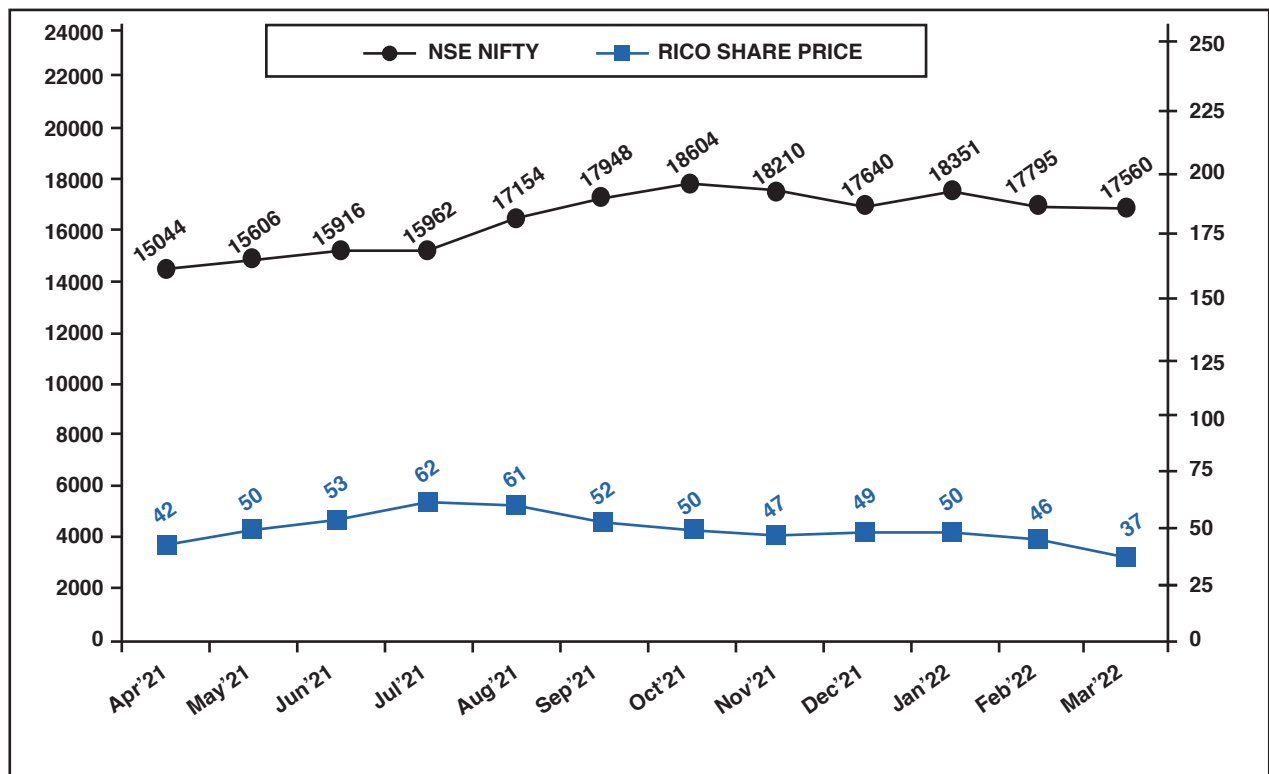


12. Stock Performance of Rico Auto Industries Limited Vs. Stock Exchange Indices

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



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



**13. Distribution of Shareholding as on 31<sup>st</sup> March, 2022**

No. of Equity Shares held	No. of Shareholders	Percent of Shareholders	No. of Shares	Percent of Shareholding
1 – 5000	72945	97.96	28482782	21.05
5001 – 10000	840	1.13	6381843	4.72
10001 – 20000	364	0.49	5234293	3.87
20001 – 30000	110	0.15	2762925	2.04
30001 – 40000	51	0.07	1796034	1.33
40001 – 50000	35	0.04	1622699	1.20
50001 – 100000	66	0.09	4661998	3.45
100001 & Above	55	0.07	84342426	62.34
<b>Total</b>	<b>74466</b>	<b>100.00</b>	<b>135285000</b>	<b>100.00</b>

**14. Shareholding Pattern as on 31<sup>st</sup> March, 2022**

Category of Shareholders	No. of Shares (Demat Mode)	No. of Shares (Physical Mode)	Total No. of Shares	Percent of Shareholding
Promoter and Promoter Group	68079446	-	68079446	50.32
Mutual Funds	1295235	-	1295235	0.96
Foreign Institutional Investors	985785	-	985785	0.73
Bodies Corporate	3726039	-	3726039	2.75
NRI	1661793	-	1661793	1.23
Trusts & Foundations	21194	-	21194	0.01
IEPF Authority	1321197	-	1321197	0.98
Indian Public	57857180	337131	58194311	43.02
<b>Total</b>	<b>134947869</b>	<b>337131</b>	<b>135285000</b>	<b>100.00</b>

**15. 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.

**16. Unclaimed Dividends**

Pursuant to the provisions of Sections 124 & 125 of the Companies Act, 2013 the amount of dividend which remains unpaid/unclaimed for a period of Seven (7) years is required to be transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government. Member(s) who have not yet encashed their dividend warrant(s) is/are requested in their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31<sup>st</sup> March, 1995 to 31<sup>st</sup> March, 2015 (Interim Dividend) have already been transferred to the Investor Education and Protection Fund (IEPF). During the year, the aggregate unclaimed dividend amount of ₹2,56,509/- for the financial year 2013-14 and interim dividend amount of ₹20,35,337/- relating to financial year 2014-15 was transferred to IEPF.

**Date for Transferring Unclaimed Dividend to the IEPF Authority**

Year	Rate of Dividend (percent)	Date of Declaration	No. of Shareholders	Amount of Dividend (₹)	Amount of Unclaimed Dividend (₹)	Unclaimed Dividend (Percent)	Due date for transfer to IEPF
2015	Final – 200	29/09/2015	40315	270570000.00	3800512.00	1.40	29/10/2022
2016	Interim – 50	10/03/2016	48718	67642500.00	1201389.50	1.78	10/04/2023
2016	Final – 10	23/09/2016	46216	13528500.00	249007.10	1.84	23/10/2023
2017	Final – 75	22/09/2017	49679	101463750.00	2687547.00	2.65	22/10/2024
2018	Interim – 40	09/02/2018	60956	54114000.00	894587.60	1.65	09/03/2025
2018	Final – 40	29/09/2018	66168	54114000.00	836628.00	1.55	29/10/2025
2019	Interim – 40	11/02/2019	67887	54114000.00	599458.00	1.11	11/03/2026
2019	Final – 40	30/09/2019	63614	54114000.00	571298.80	1.06	30/10/2026
2020	Final – 30	12/11/2020	72960	38271054.03	478334.79	1.18	12/12/2027
2021	Final – 20	30/09/2021	75486	25062918.61	238808.96	0.95	30/10/2028

**17. 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 (7) years to the Demat Account of IEPF Authority. In view of the same, during the year, the Company has transferred 11090 equity shares of the face value of ₹1/- each in respect of 61 shareholders to the Demat Account of IEPF Authority and filed the Form IEPF-4 with MCA on 8<sup>th</sup> December, 2021. During the year, dividend aggregating to ₹262837.40 was also remitted to IEPF Authority, in respect of shares held in the Demat Account of IEPF Authority. Details of such shareholders, whose shares are transferred to IEPF Authority and their unpaid dividends for subsequent years are available on the website of the Company at <https://www.ricoauto.in/investor-relation.html>.

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

**18. National Automated Clearing House (NACH) system**

In order to facilitate the transfer of dividends to the shareholders, the Company is using a National Automated Clearing House (NACH) system introduced by the Reserve Bank of India.

**19. 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.

**20. MCA's Green Initiative for Paperless Communications**

In support to the Ministry of Corporate Affairs (MCA) "Green Initiative for Paperless Communications and in compliance to MCA circular dated 5<sup>th</sup> May, 2022 read with circulars dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 & 5<sup>th</sup> May, 2020 and SEBI's circular dated 12<sup>th</sup> May, 2020, 15<sup>th</sup> January, 2021 & 13<sup>th</sup> May, 2022 and other circulars issued in this regard, the notice alongwith Annual Report 2021-22 is being sent through electronic mode only to those members whose e-mail addresses are registered with the Company/Depositories. The members who have not registered their e-mail IDs, so far, are requested to register their e-mail IDs, in respect of electronic holdings with concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Registrar and Share Transfer Agent, M/s. MCS Share Transfer Agent Limited.

**21. 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).

**22. Fee paid to Statutory Auditors**

A total fee of ₹1.10 crores was paid by the Company and its Subsidiaries for all audit and services availed, on a consolidated basis, to the Statutory Auditors and all Entities in network firm/network entity of which the Statutory Auditors is a part, for the financial year ended 31<sup>st</sup> March, 2022.

**23. Subsidiary Companies**

The Company has five wholly owned subsidiaries, one subsidiary company and three step down subsidiaries. None of the subsidiary 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 (RAFA), Rico Investments Limited (RIL) and Rico Jinfei Wheels Limited (RJWL) are material subsidiary pursuant to provisions of Regulation 16(1)(c) of the Listing Regulations. The Company's material subsidiaries undergo Secretarial Audit in compliance with Regulation 24A of the Listing Regulations. Copies of Secretarial Audit Reports of RAFA, RIL, and RJWL forms part of this report. The Secretarial Audit Report of these material subsidiaries does not contain any qualification, reservation, adverse remark or disclaimer. Shri Satish Sekhri and Dr. Amarjit Chopra, Independent Directors of the Company continues to be on the Board of RAFA and RIL respectively.

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

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

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

**25. Investors/Shareholders Correspondence**

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

On behalf of the Board of Directors

Place : Gurugram  
 Date : August 25, 2022

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

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

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

We have examined the compliance with the conditions of Corporate Governance by Rico Auto Industries Limited for the financial year ended 31<sup>st</sup> March, 2022, 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  
 (Firm No. I2002DE298700)

Place : New Delhi  
 Date : August 08, 2022

**K. K. Sachdeva**  
 Proprietor  
 FCS No. 7153, CP No. 4721  
 Peer Review: 1684/2022  
 UDIN: F007153D00761918

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to us by the Company & its Officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Name of Director	DIN	Date of Appointment in the Company
Shri Kanwal Monga	00153473	18/09/2001
Dr. Amarjit Chopra	00043355	18/09/2001
Dr. Ashok Seth	00050540	13/05/2004
Shri Satish Sekhri	00211478	28/05/2010
Shri Rajeev Kapoor	02051466	13/11/2013
Shri Vinod Kumar Nagar	02487061	13/11/2013
Ms. Sarita Kapur	08848507	28/08/2020
Smt. Upasna Kapur	00327461	19/06/2015
Shri Arun Kapur	00100270	10/03/1983
Shri Arvind Kapur	00096308	10/03/1983

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

for **K.K. Sachdeva & Associates**  
Company Secretaries  
(Firm No. I2002DE298700)

**K. K. Sachdeva**  
Proprietor

FCS No. 7153, CP No. 4721  
Peer Review: 1684/2022  
UDIN: F007153D00761931

Place : New Delhi  
Date : August 08, 2022



## ANNEXURE TO DIRECTORS' REPORT

### THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (2021-2022)

**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. Composition of CSR Committee**

S. No.	Name of Director	Designation/Nature of Directorship	Position held in committee	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Rajeev Kapoor	Independent Director	Chairman	4	4
2.	Dr. Ashok Seth	Independent Director	Member	4	1
3.	Shri Vinod Kumar Nagar	Independent Director	Member	4	4
4.	Shri Arun Kapur	Joint Managing Director	Member	4	4

**3. Web links where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

- The composition of the CSR Committee and CSR Policy are available on our website <https://www.ricoauto.in/investor-relation.html>.
- The Board, based on the recommendation of the CSR Committee, at its meeting held on 8<sup>th</sup> August, 2022, has approved the annual action plan/projects for FY 2022-23, the details of which are available on our website <https://www.ricoauto.in/investor-relation.html>.

**4. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable**

**5. Details of the amount available for set-off in pursuance of sub rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for setoff for the financial year, if any: Nil**

**6. Average Net Profit/(Loss) of the Company as per Sec 135(5): ₹24.50 crores**

**7. (a) Two percent of average net profit of the Company as per section 135(5): ₹49.00 lakhs**

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil**

**(c) Amount required to be set off for the financial year, if any: ₹0.24 lakh**

**(d) Total CSR obligation for the financial year (7a+7b-7c): ₹48.76 lakhs**

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (₹ in lakhs)	Amount Unspent (₹ in lakhs)				
72.00	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
	Nil	N.A.	N.A.	N.A.	N.A.

**(b) Details of CSR amount spent against ongoing projects for the financial year: Nil**

(₹ In Lakhs)

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the Project		Project duration (In Years)	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation-Through Implementing Agency	
				State	District						Name	CSR Registration Number
Nil												

## (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ In Lakhs)

1	2	3	4	5		6	7	8
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount spent for the project	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	District			Name and CSR Registration Number
1.	Supporting Society through RICO Covid Care Centre for other medical facility	Promoting health care including preventive health care	Yes	Haryana	Dharuhera	54.52	Yes	N.A
2.	Supporting economically weaker section of society for Medical treatment of severe disease (cancer)	Promoting health care including preventive health care	No	Delhi	New Delhi	0.50	Yes	NA
3.	Complete sponsorship of Education and Therapy of two Autistic children	Special Education for differently abled & Promoting health care including preventive health care	Yes	Haryana	Gurugram	4.14	Yes	N.A
4.	Supporting higher education of students from the economically weaker section	Promoting Employability by Skill Building	No	Delhi	New Delhi	0.20	Yes	N.A
5.	Contribution to Raman Kant Munjal Foundation	Education to weaker section	Yes	Haryana	Dharuhera	4.45	No	Raman Kant Munjal Foundation CSR00004870
6.	Supporting higher education of students from the economically weaker section	Promoting Employability by Skill Building	No	Uttar Pradesh	Noida	1.38	Yes	N.A
7.	Sponsorship Wrestling Competition- 2020-21	Promoting National Sports	Yes	Haryana	Banipur	0.31	Yes	N.A
8.	Support provided to Rotary Delhi South-West Foundation	Promoting health care including preventive health care	No	Delhi	New Delhi	6.50	No	Rotary Delhi South-West Foundation
Grand Total						72.00		

## (d) Amount spent in Administrative Overheads: Nil

## (e) Amount spent on Impact Assessment, if applicable: Nil

## (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹72.00 Lakhs

## (g) Excess amount for set off, if any

S.No.	Particulars	Amount (₹ in Lakhs)
1.	Two percent of average net profit of the Company as per section 135(5)	49.00
2.	Total amount spent for the financial year	72.00
3.	Excess amount spent for the financial year [(ii)-(i)]	23.00
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	23.00

## 9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

S.No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
Nil							

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

S.No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project Completed/ Ongoing
Not applicable, as the concept of 'ongoing projects' has been introduced in the CSR Amendment Rules, relevant from FY 2021-22. Details of spend on all ongoing projects during FY 2021-22 are covered under 8(b) above.								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: No capital asset was created/acquired for FY 2021-22 through CSR spend of the Company.

11. Reasons for not spending the amount: Not Applicable

## 12. CFO Certificate:

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

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

Place : Gurugram  
Date : August 08, 2022

**Rajeev Kapoor**  
Chairman - CSR Committee  
(DIN: 02051466)

## ANNEXURE TO DIRECTORS' REPORT

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

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22:

S.No.	Name of Directors	Ratio to Median Remuneration
<b>Non-Executive Independent Directors</b>		
i)	Shri Kanwal Monga	1.98
ii)	Dr. Amarjit Chopra	2.89
iii)	Dr. Ashok Seth	1.52
iv)	Shri Satish Sekhri	1.98
v)	Shri Rajeev Kapoor	2.89
vi)	Shri Vinod Kumar Nagar	2.89
vii)	Ms. Sarita Kapur	1.98
<b>Non-Executive Director</b>		
viii)	Smt. Upasna Kapur	1.82
<b>Executive Director</b>		
ix)	Shri Arun Kapur, Joint Managing Director	12.22
x)	Shri Arvind Kapur, Chairman, CEO & MD	162.00

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 2021-22:

S.No.	Name of Directors/KMP and Designation	Remuneration		%age increase/ (decrease) in Remuneration
		2021-22 (Amount in ₹)	2020-21 (Amount in ₹)	
	Non-Executive Independent Directors			
i)	Shri Kanwal Monga	978775.00	300000.00	226.26
ii)	Dr. Amarjit Chopra	1428775.00	750000.00	90.50
iii)	Dr. Ashok Seth	753775.00	150000.00	402.52
iv)	Shri Satish Sekhri	978775.00	750000.00	30.50
v)	Shri Rajeev Kapoor	1428775.00	750000.00	90.50
vi)	Shri Vinod Kumar Nagar	1428775.00	750000.00	90.50
vii)	Ms. Sarita Kapur*	978775.00	225000.00	335.01
	Non-Executive Directors			
viii)	Smt. Upasna Kapur	903775.00	300000.00	201.26
	Executive Director			
ix)	Shri Arun Kapur, Joint Managing Director	6039588.00	2964608.00	103.72
x)	Shri Arvind Kapur, Chairman, CEO & MD	80059174.00	33691402.00	137.62
	Key Managerial Personnel			
xi)	Shri Rakesh Kumar Sharma, Chief Financial Officer	6254439.00	5739385.00	8.97
xii)	Shri B.M. Jhamb, Company Secretary	4087856.00	3651444.00	11.95

3. The percentage of increase in the median remuneration of employees in the financial year 2021-22: 1.64%
4. The number of permanent employees on the roll of Company as on 31<sup>st</sup> March, 2022: 1558
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 2021-22 was 6.5%. Percentage increase (+)/decrease (-) in the managerial remuneration for the year 2021-22 was 120.67%.
6. Affirmation that the remuneration is as per the Remuneration Policy of the Company:  
It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

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

Place : Gurugram  
Date : August 08, 2022

## ANNEXURE TO DIRECTORS' REPORT

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2022 ("Audit Period")** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> March, 2022** according to the provisions of (including any amendment thereof):

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable; and
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and amendments thereof:
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) \*The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(\*Not applicable, as no event took place under these Regulations during the Audit Period)
- vi) We further report that having regard to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
  - a) The Factories Act, 1948;
  - b) The Petroleum Act, 1934 and the rules made thereunder;
  - c) The Environment Protection Act, 1986 and the rules made thereunder;
  - d) The Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder; and
  - e) The Air (Prevention and Control of Pollution) Act, 1981 and the rules made thereunder.



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

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

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

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

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

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

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

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

We further report that during the audit period, at the Board Meeting held on 26<sup>th</sup> July, 2021, the Company approved scheme of amalgamation under Section 230 and 232 of the Companies Act, 2013 of M/s. RASA Autocom Limited ("Transferor Company-1"), M/s. Rico Aluminium and Ferrous Auto Components Limited ("Transferor Company-2"), M/s. Rico Investments Limited ("Transferor Company-3") with M/s. Rico Auto Industries Limited ("Transferee Company"), subject to the approval of Hon'ble National Company Law Tribunal ("NCLT") with effect from the appointed date i.e 1<sup>st</sup> April, 2021. The scheme is under consideration of Hon'ble NCLT.

for **Vimal Chadha & Associates**  
Company Secretaries  
(Firm No. S2017DE508700)

**Vimal Chadha**  
Proprietor

FCS No. 5758, CP No. 18669  
Peer Review: 1889/2022  
UDIN:F005758D000765286

Place : New Delhi  
Date : August 08, 2022

## ANNEXURE TO DIRECTORS' REPORT

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

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

To,  
 The Members,  
**Rico Investments 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 Investments Limited** (CIN Number U65923HR2015PLC054211) (hereinafter called "the Company") incorporated on 7<sup>th</sup> January, 2015. 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 **March 31, 2022** 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 **March 31, 2022** according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder to the extent applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable to the Company during the audit period)**
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) 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; **(Not applicable to the Company during the audit period)**
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) \*The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) \*The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) \*The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circular/guidelines issued thereunder;
  - h) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - i) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - j) \*The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015.

(\*Not applicable, as no event took place under these Regulations during the Audit Period)
- vi) As informed, the Company is a Core Investment Company- Non-Banking Financial Company (CIC- NBFC) and is governed under RBI Circular bearing no. RBI/2010-11/360 DNBS (PD) CC. No. 206/03.10.001/2010-11 January 5, 2011 and other Circulars issued in this regard from time to time. The Company was not required to be registered with the Reserve Bank of India and during the year, 20% of the net profit was transferred to Reserve Fund created under Section 45-IC of Reserve Bank of India Act, 1934. Besides as mentioned hereinabove, there are no other laws which were specifically applicable on the Company.

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 Stock Exchange **(Not applicable to the Company during the audit period)**

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. During the audit period, the Company became wholly owned subsidiary of M/s Rico Auto Industries Limited on 7<sup>th</sup> July, 2021 and the Board at its meeting held on 11<sup>th</sup> November, 2021, dissolved Audit Committee and Nomination and Remuneration Committee in view of the exemption available, under MCA Notification No. G.S.R. 839(E) dated 05<sup>th</sup> July, 2017 and G.S.R.

880(E) dated 13<sup>th</sup> July, 2017, to unlisted public company which is a wholly owned subsidiary to constitute Audit Committee and Nomination and Remuneration Committee. During the period under review, there was change in the composition of the Board of Directors as Mr. G.P.S. Miglani, Director resigned with effect from 11<sup>th</sup> August, 2021.

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 decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee 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 Company paid an interim dividend @ 2% for the financial year 2020-2021.
- b) At the 6<sup>th</sup> Annual General Meeting held on 17<sup>th</sup> September, 2021, Ms. Sandeep Riat was re-appointed as an Independent Director for a second term of 5 (five) consecutive years from 4<sup>th</sup> February, 2021 to 3<sup>rd</sup> February, 2026 and Mr. O.P. Aggarwal was re-appointed as Managing Director for a period of three years from 11<sup>th</sup> August, 2021 to 10<sup>th</sup> August, 2024.
- c) At the Board Meeting held on 26<sup>th</sup> July, 2021, the Company approved scheme of amalgamation under Section 230 and 232 of the Companies Act, 2013 of M/s. RASA Autocom Limited ("Transferor Company-1"), M/s. Rico Aluminium and Ferrous Auto Components Limited ("Transferor Company-2"), M/s. Rico Investments Limited ("Transferor Company-3") with M/s. Rico Auto Industries Limited ("Transferee Company"), subject to the approval of Hon'ble National Company Law Tribunal ("NCLT") with effect from the appointed date i.e 1<sup>st</sup> April, 2021. The scheme is still under consideration of Hon'ble NCLT.

for **Deepak Bansal & Associates,**  
Company Secretaries  
(Firm No. S2007DE093100)

(**Deepak Bansal**)  
FCS 3736; CP- 7433  
Peer Review: 900/2020  
UDIN: F003736D000701125

Place : Noida  
Date : July 28, 2022

\*This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

## ‘ANNEXURE A’

To,  
The Members,  
**Rico Investments Limited**  
38 KM Stone, Delhi – Jaipur Highway,  
Gurugram – 122001, Haryana

Our report of even date is to be read along with this letter.

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

For **Deepak Bansal & Associates,**  
Company Secretaries  
(Firm No. S2007DE093100)

(**Deepak Bansal**)  
FCS 3736; CP- 7433  
Peer Review: 900/2020  
UDIN: F003736D000701125

Place : Noida  
Date : July 28, 2022

## ANNEXURE TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and

Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Rico Aluminium and Ferrous Auto Components 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 Aluminium and Ferrous Auto Components Limited** (CIN: U34300HR2008PLC037956) (hereinafter called the Company) incorporated on 27th May, 2008. 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 **March 31, 2022** 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 **March 31, 2022** according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder to the extent applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable to the Company during the audit period)**
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the audit period)**
- iv) 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; **(Not applicable to the Company during the audit period)**
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were **not applicable** to the Company during the audit period:
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 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:
  - a) The Factories Act, 1948;
  - b) The Environment Protection Act, 1986 and the rules made thereunder;
  - c) The Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder; and
  - d) The Air (Prevention and Control of Pollution) Act, 1981 and the rules made thereunder

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 Stock Exchange **(Not applicable to the Company during the audit period)**

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 and Non-Executive Directors. The Company, being wholly owned subsidiary, was not required to have independent directors on the Board in view of exemption provided by Ministry of Corporate Affairs vide notification dated 5<sup>th</sup> July, 2017. However, the Company has in furtherance of good corporate governance has appointed two Independent Directors including a Women Director. There was change in the composition of the Board of Directors during the period under review as Mr. Manoj Kumar Jain, Director retired by rotation with effect from 17/09/2021 and expressed his

unwillingness to be re-elected as Director at the Annual General Meeting held on 17/09/2021.

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 decisions at Board Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

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 Company, being wholly owned subsidiary, was not required to admit its securities in a depository in view of exemption provided by the Ministry of Corporate Affairs vide notification dated 22<sup>nd</sup> January, 2019.
- b) At the 13<sup>th</sup> Annual General Meeting held on 17<sup>th</sup> September, 2021, Ms. Sandeep Riat was re-appointed as an Independent Director for a second term of 5 (five) consecutive years from 4<sup>th</sup> February, 2021 to 3<sup>rd</sup> February, 2026 on the Board of the Company.
- c) At the Board Meeting held on 26<sup>th</sup> July, 2021, the Company has approved scheme of amalgamation under Section 230 and 232 of the Companies Act, 2013 of M/s. RASA Autocom Limited ("Transferor Company-1"), M/s. Rico Aluminium and Ferrous Auto Components Limited ("Transferor Company-2"), M/s. Rico Investments Limited ("Transferor Company-3") with M/s. Rico Auto Industries Limited ("Transferee Company"), subject to the approval of Hon'ble National Company Law Tribunal ("NCLT") with effect from the appointed date i.e 1<sup>st</sup> April, 2021. The scheme is still under consideration of Hon'ble NCLT.

For **Deepak Bansal & Associates,**  
Company Secretaries  
(Firm No. S2007DE093100)

(Deepak Bansal)

FCS 3736; CP- 7433  
Peer Review: 900/2020  
UDIN: F003736D000701061

Place : Noida  
Date : July 28, 2022

\*This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

## 'ANNEXURE A'

To,

The Members,

**Rico Aluminum and Ferrous Auto Components Limited**

38 KM Stone, Delhi – Jaipur Highway,  
Gurugram –122001, Haryana

Our report of even date is to be read along with this letter.

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

For **Deepak Bansal & Associates,**  
Company Secretaries  
(Firm No. S2007DE093100)

(Deepak Bansal)

FCS 3736; CP- 7433  
Peer Review: 900/2020  
UDIN: F003736D000701061

Place : Noida  
Date : July 28, 2022



## ANNEXURE TO DIRECTORS' REPORT

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022

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

To,  
The Members,  
**Rico Jinfei Wheels 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 Jinfei Wheels Limited** (CIN: U34200HR2007PLC037021) (here in after called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on **31<sup>st</sup> March, 2022**, 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 the **31<sup>st</sup> March, 2022** according to the provisions of:

- i) The Companies Act, 2013 (the Act) read with the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder; **(Not Applicable to the Company during the audit period)**
- 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 applicable, of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the audit period)** and
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were **not applicable** to the Company during the audit period:
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; 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.
  - a) The Factories Act, 1948;
  - b) The Environment Protection Act, 1986 and the rules made thereunder;
  - c) The Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder;
  - d) 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 (SS) with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with Stock Exchange **(Not Applicable to the Company during the audit period)**.

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the 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.

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, at the Board Meeting held on 26<sup>th</sup> July, 2021, the Company approved scheme of amalgamation under Section 230 and 232 of the Companies Act, 2013 of M/s. Rico Castings Limited ("Transferor Company") with M/s. Rico Jinfei Wheels Limited ("Transferee Company"), subject to the approval of Hon'ble National Company Law Tribunal ("NCLT") with effect from the appointed date i.e 1<sup>st</sup> April, 2021. The scheme is under consideration of Hon'ble NCLT.

for **K K Sachdeva & Associates**  
Company Secretaries  
(Firm No. I2002DE298700)

**K.K.Sachdeva**  
Proprietor

FCS No. 7153, CP No. 4721  
Peer Review: 1684/2022  
UDIN: F007153D000714805

Place : New Delhi  
Date : July 30, 2022

## ANNEXURE TO DIRECTORS' REPORT

### FORM 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 31<sup>st</sup> March, 2021 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 provision 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 - ₹.203.83 crores Sale of Goods - ₹21.76 crores Sale of Assets - ₹0.40 crore Availing or rendering of Services - ₹0.71 crore Rent Income - ₹5.49 crores Purchase of Assets - ₹0.48 crore Rent Expenses - ₹0.40 crore Recovery of Expenses - ₹54.36 crores Reimbursement of Expenses - ₹0.09 crore
e.	Date of approval by the Board/ Date of approval by the Shareholders	12 <sup>th</sup> February, 2021/30 <sup>th</sup> September, 2021
f.	Amount paid as advances, if any	N.A.

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

On behalf of the Board of Directors

Place : Gurugram  
Date : August 08, 2022

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

# Independent Auditor's Report

To the Members of  
Rico Auto Industries Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Rico Auto industries Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matter

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of the realizability of loans from step down subsidiary</b></p> <p>As at 31 March 2022, the Company has given loans amounting to ₹27.35 crores to a step subsidiary company, Rico Jinfei Wheels Limited (hereinafter referred to as "Subsidiary"), as disclosed in Note 53 to the accompanying standalone financial statements. The subsidiary has earned low operating profit during the current and previous years.</p> <p>Since, the recoverability of the aforesaid amount is largely dependent on the operational performance of aforesaid subsidiary, therefore, there is a risk that the subsidiary may not achieve the anticipated business performance, leading to an impairment charge that has not been recognized by the management.</p> <p>Management has assessed the realizability of the aforesaid amounts by carrying out a valuation of the subsidiary's business using the discounted cashflow method ("the Model"). The Model involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity, which is more complex in the current year due to the required assessment of impact of COVID - 19 on the aforesaid assumptions.</p> <p>Considering the materiality of the above matter to the standalone financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.</p>	<p><b>Our audit included, but were not limited to, the following procedures:</b></p> <ol style="list-style-type: none"> <li>a) Obtained an understanding from the management with respect to process and controls implemented by the Company to determine recoverability of the amount receivable from its subsidiary companies;</li> <li>b) Obtained the valuation model from the management and reviewed their conclusions, including reading the report provided by an independent valuation expert engaged by the management;</li> <li>c) Assessed the professional competence, objectivity and capabilities of the third-party expert engaged by the management for performing the required valuations to estimate the recoverable value of the amounts receivable from the subsidiary;</li> <li>d) Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</li> <li>e) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied by engaging auditor's valuation specialists. Tested the discount rate and terminal growth rates used in the forecast including comparison to economic and industry forecasts, considering the impact of COVID -19, where appropriate;</li> <li>f) Evaluated sensitivity analysis performed by the management and further performed independent sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</li> <li>g) Evaluated the appropriateness and adequacy of disclosures made in the standalone financial statements in accordance with the applicable accounting standards</li> </ol> <p>Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the standalone financial statements taken as a whole.</p>

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

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

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

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

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

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

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

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

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

arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences



of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('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, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
    - ii. the Company, as detailed in note 33C to the standalone financial statements, has made provision as at 31 March 2022, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
    - iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54 to the standalone financial statements, no funds have been

advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. The final dividend paid by the Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to the payment of dividend and interim dividend declared and paid by the Company during the year ended 31 March 2022 is in compliance with Section 123 of the Act.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Place: Gurugram

Date : 30 May, 2022

Membership No.: 517273

UDIN No.: 22517273AJYBNK5714

### **Annexure A referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Rico Auto Industries Limited on the standalone financial statements for the year ended 31 March 2022**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

- (b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified 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. In accordance with this program, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee, and the lease agreements are duly executed in favor of the lessee) disclosed in the standalone financial statements are held in the name of the Company. However, for title deeds of immovable properties in the nature of land, which have been mortgaged as security for loans or borrowings taken by the Company, confirmations with respect to title of the Company have been directly obtained by us from the respective lenders.
- (d) The Company has not revalued its property, plant and equipment and right of use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- b) The Company has a working capital limit in excess of ₹5.00 crores sanctioned by a bank based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such bank and such statements are in agreement with the books of account of the Company for the respective periods.
- (iii) a) The Company has not provided any loans or provided any advances in the nature of loans, or guarantee, or security to any other entity during the year. Accordingly, reporting under clauses 3(iii)(a) of the Order is not applicable to the Company.
- b) In our opinion, and according to the information and explanations given to us, the investments made, prima facie, not prejudicial to the interest of the Company.
- c) In respect of loan granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
- (d) There is no overdue amount in respect of loans granted to such companies.
- (e) The Company has granted loans which had fallen due during the year and such loans were extended during the year. The details of the same has been given below:

Name of the party	Nature of loan	Total loan amount (in crores)	Nature of extension (i.e. renewed/ extended/fresh loan provided)	Aggregate amount of overdues of existing loans renewed or extended or settled by fresh loans (in crores)	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Rico Jinfei Wheels Limited	General business purposes	27.35	Extended	13.26	35.16%

- (f) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments and guarantees, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. 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 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) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with 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) According to the information and explanations given to us, there are no statutory dues referred in sub- clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the standalone financial statements of the Company, funds raised by the Company on short term basis have not been utilized for long term purposes.

**Statement of Disputed Dues**

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Gujarat VAT, 2003	Disallowance of input on rejected goods	0.04	0.009	Financial year 2017-18	Gujarat Sales tax tribunal
Finance Act, 1994	Claim of cenvat on construction & other repair & maintenance service	0.64	Nil	Financial year 2005-06 to 2010-11	Custom Excise & Service Tax Appellate
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and taxi	0.40	Nil	Financial year 2004-05 to 2008-09	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Wrong credit taken on services of insurance, catering, Tent House and taxi cab	0.29	Nil	Financial year 2011-12 to 2013-14	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Deposit of inadmissible cenvat credit availed on the capital goods destroyed in fire	0.39	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeal)
Finance Act, 1994	Denial of credit taken on outward freight	0.07	Nil	Financial year 2011-12 to 2013-14	Commissioner, Central Excise (Appeal)
Finance Act, 1994	Denial of credit taken on credit taken on Service of insurance and tour and travelling services	0.10	Nil	Financial year 2012-13	Commissioner, Central Excise (Appeal)
Central Excise Act, 1944	Supply of components without adding cost of designs/drawings/ specifications	3.15	Nil	Financial year 2012-13	Commissioner of CGST
Central Excise Act, 1944	Short reversal of cenvat credit on clearance of capital Goods during slump sale.	1.07	Nil	Financial year 2015-16 to 2017-18	Additional Commissioner Central Goods & Service tax
Goods and Services Tax	Tax credit incorrectly availed	0.01	0.01	Financial year 2001-02 to 2003-04	State Tax officer

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

- (ix) a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

- b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associate.

- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries and associate.

- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally)

convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has only one CIC as part of the Group.
- xvii. The Company has not incurred any cash loss in the current as well as the immediately preceding financial year
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they

fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Place: Gurugram

Date : 30 May 2022

Membership No.: 517273

UDIN No.: 22517273AJYBNK5714

#### Annexure B

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

1. In conjunction with our audit of the standalone financial statements of Rico Auto Industries Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

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

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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered

Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

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

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

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

#### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Place: Gurugram

Date : 30 May 2022

Membership No.: 517273

UDIN No.: 22517273AJYBNK5714



## STANDALONE BALANCE SHEET AS AT MARCH 31, 2022

(₹ in Crores)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>I. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	5	687.21	604.69
(b) Capital work-in-progress	5	79.61	55.98
(c) Intangible assets	6	1.95	2.60
(d) Intangible assets under development	6	4.65	2.24
(e) Financial assets			
(i) Investments	7	149.46	137.57
(ii) Loans	8	11.61	27.50
(iii) Other financial assets	9	13.45	12.20
(f) Non-current tax assets		3.51	3.51
(g) Other non-current assets	10	35.31	23.53
<b>Total non-current assets</b>		<b>986.76</b>	<b>869.82</b>
<b>2. CURRENT ASSETS</b>			
(a) Inventories	11	210.91	189.70
(b) Financial assets			
(i) Trade receivables	12	360.34	337.24
(ii) Cash and cash equivalents	13	2.35	4.47
(iii) Bank balances other than (ii) above	14	12.55	3.41
(iv) Loans	8	0.61	0.81
(v) Other financial assets	9	29.89	37.48
(c) Other current assets	10	25.57	36.16
<b>Total current assets</b>		<b>642.22</b>	<b>609.27</b>
<b>Total assets</b>		<b>1,628.98</b>	<b>1,479.09</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. EQUITY</b>			
(a) Equity share capital	15	13.53	13.53
(b) Other equity	16	588.82	564.87
<b>Total equity</b>		<b>602.35</b>	<b>578.40</b>
<b>LIABILITIES</b>			
<b>2. NON-CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	17	192.07	225.30
(ii) Lease liabilities	48	17.00	3.70
(b) Provisions	18	8.18	15.06
(c) Deferred tax liabilities (net)	31	16.71	8.75
(d) Other non-current liabilities	19	1.18	1.67
<b>Total non-current liabilities</b>		<b>235.14</b>	<b>254.48</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	17	333.14	275.71
(ii) Lease liabilities	48	6.76	1.00
(iii) Trade payables	20		
a) Total outstanding dues of micro enterprises and small enterprises		7.97	4.24
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		384.08	302.41
(iv) Other financial liabilities	21	32.29	43.67
(b) Current tax liabilities (net)		1.81	—
(c) Other current liabilities	19	25.44	19.18
<b>Total current liabilities</b>		<b>791.49</b>	<b>646.21</b>
<b>Total equity and liabilities</b>		<b>1,628.98</b>	<b>1,479.09</b>
Summary of significant accounting policies and other explanatory information	1 to 55		
This is the Standalone Balance Sheet referred to in our report of even date.			

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm registration No. 001076N/N500013

**Arun Tandon**

Partner

Membership No. : 517273

Place : Gurugram

Date : May 30, 2022

For and on behalf of the Board of Directors of

**Rico Auto Industries Limited****Arvind Kapur**

Chairman, CEO &amp;

Managing Director

DIN: 00096308

**B.M Jhamb**

Company Secretary

**Rakesh Kumar Sharma**

Chief Financial Officer

Place : Gurugram

Date : May 30, 2022

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crores)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
<b>INCOME</b>			
Revenue from operations	22	1,603.08	1,276.36
Other income	23	20.08	28.34
<b>Total income</b>		<b>1,623.16</b>	<b>1,304.70</b>
<b>EXPENSES</b>			
(a) Cost of materials consumed	24	1,077.32	838.30
(b) Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(57.78)	(25.12)
(c) Other manufacturing expenses	26	137.55	103.80
(d) Employee benefits expense	27	187.58	162.54
(e) Finance costs	28	36.67	34.96
(f) Depreciation and amortisation expense	5	74.69	62.98
(g) Other expenses	29	127.34	131.84
<b>Total expenses</b>		<b>1,583.37</b>	<b>1,309.30</b>
<b>Profit / (loss) before exceptional items and tax</b>		<b>39.79</b>	<b>(4.60)</b>
Exceptional items	30	5.48	4.25
<b>Profit / (loss) before tax</b>		<b>34.31</b>	<b>(8.85)</b>
<b>Tax expense</b>	31		
Current tax		5.84	(0.28)
Deferred tax expense/ (credit)		5.62	(2.81)
<b>Total tax expense</b>		<b>11.46</b>	<b>(3.09)</b>
<b>Profit / (loss) for the year</b>		<b>22.85</b>	<b>(5.76)</b>
<b>Other comprehensive income</b>			
<b>(a) Items that will not be reclassified to statement of profit and loss</b>			
Remeasurements of defined benefit plan obligation		0.64	(1.48)
Income tax relating to above items		(0.21)	0.53
<b>(b) Items that will be reclassified to statement of profit and loss</b>			
Effective portion of gain on designated portion of hedging instruments in a cash flow hedge		5.19	6.02
Income tax relating to above items		(1.81)	(2.11)
<b>Other comprehensive income for the year</b>		<b>3.81</b>	<b>2.96</b>
<b>Total comprehensive income for the year</b>		<b>26.66</b>	<b>(2.80)</b>
<b>Earnings / (loss) per share</b>			
Basic and diluted (nominal value per share ₹ 1/-)	32	1.69	(0.43)

Summary of significant accounting policies and other explanatory information

1 to 55

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm registration No. 001076N/N500013

**Arun Tandon**

Partner

Membership No. : 517273

Place : Gurugram

Date : May 30, 2022

For and on behalf of the Board of Directors of

**Rico Auto Industries Limited****Arvind Kapur**

Chairman, CEO &amp;

Managing Director

DIN: 00096308

**B.M Jhamb**

Company Secretary

Place : Gurugram

Date : May 30, 2022

**Rakesh Kumar Sharma**

Chief Financial Officer

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

## A Equity share capital

(₹ in Crores)

	No. of shares	Amount
Balance as at March 31, 2020	135,285,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2021	135,285,000	13.53
Changes in equity share capital during the year	—	—
Balance as at March 31, 2022	135,285,000	13.53

## B Other equity

(₹ in Crores)

	Capital reserve*	Capital redemption reserve	Securities premium	Foreign currency monetary item translation difference account ("FCMITDA")	General reserve	Retained earnings	Total
Balance as at March 31, 2020	0.00	2.00	145.04	0.26	79.54	345.15	571.99
Net loss for the year	—	—	—	—	—	(5.76)	(5.76)
Other comprehensive income for the year (net of taxes)	—	—	—	—	—	2.96	2.96
Total comprehensive income for the year	—	—	—	—	—	(2.80)	(2.80)
Dividend on equity shares	—	—	—	—	—	(4.06)	(4.06)
Exchange difference amortised during the year	—	—	—	(0.26)	—	—	(0.26)
Balance as at March 31, 2021	0.00	2.00	145.04	—	79.54	338.29	564.87
Net profit for the year	—	—	—	—	—	22.85	22.85
Other comprehensive income for the year (net of taxes)	—	—	—	—	—	3.81	3.81
Total comprehensive income for the year	—	—	—	—	—	26.66	26.66
Dividend on equity shares	—	—	—	—	—	(2.71)	(2.71)
Balance as at March 31, 2022	0.00*	2.00	145.04	—	79.54	362.24	588.82

\* Amounts have been rounded off to zero

This is the Standalone Statement of Changes in Equity referred to in our report of even date.

## For Walker Chandio &amp; Co LLP

Chartered Accountants

Firm registration No. 001076N/N500013

## Arun Tandon

Partner

Membership No. : 517273

Place : Gurugram

Date : May 30, 2022

For and on behalf of the Board of Directors of

Rico Auto Industries Limited

## Arvind Kapur

Chairman, CEO &amp;

Managing Director

DIN: 00096308

## B.M Jhamb

Company Secretary

## Rakesh Kumar Sharma

Chief Financial Officer

Place : Gurugram

Date : May 30, 2022

## STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crores)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. Cash flow from operating activities</b>		
Net profit / (loss) before tax	34.31	(8.85)
Adjustments for:		
Depreciation and amortisation expense	74.69	62.98
Loss allowance	0.06	0.09
Dividend income from subsidiary companies	(2.15)	(7.95)
Finance costs	36.67	34.96
Unrealised foreign exchange loss, net	1.44	3.63
Amortisation of government grants	—	(1.24)
Profit on sale of property, plant and equipment	(0.32)	(1.52)
Interest income on financial assets measured at amortized cost	(4.34)	(7.35)
<b>Operating profit before working capital changes</b>	<b>140.36</b>	<b>74.75</b>
<b>Changes in working capital:</b>		
in inventories	(21.21)	(62.90)
in trade receivables	(24.60)	(90.18)
in other financial assets	4.47	(14.97)
in other assets	10.88	4.92
in trade payables	85.40	97.54
in other financial liabilities	(5.14)	10.91
in other liabilities and provisions	(1.10)	(8.89)
<b>Cash generated from operating activities</b>	<b>189.06</b>	<b>11.18</b>
Direct taxes paid (net of refunds)	(2.19)	(1.56)
<b>Net cash generated from operating activities</b>	<b>186.87</b>	<b>9.62</b>
<b>B. Cash flow from investing activities</b>		
Payments for purchase of property, plant and equipment (including capital advances)	(178.24)	(115.31)
Proceeds from sale of property, plant and equipment	1.58	5.92
Purchase of investments	(11.90)	(0.01)
Dividend income from subsidiary companies	2.15	7.95
Loan repayments from related parties	14.78	33.97
Interest received	4.37	5.91
<b>Net cash used in investing activities</b>	<b>(167.26)</b>	<b>(61.57)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	46.99	118.65
Payment for lease liabilities – principal and interest	(6.73)	(0.91)
Repayment of non-current borrowings	(77.99)	(57.39)
Proceeds from current borrowings (net)	55.21	33.67
Dividend paid	(2.71)	(4.06)
Interest paid	(36.49)	(34.81)
<b>Net cash (used in) / generated from financing activities</b>	<b>(21.72)</b>	<b>55.15</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2.11)</b>	<b>3.20</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4.47</b>	<b>1.27</b>
<b>Cash and cash equivalents at the close of the year (refer note 13)</b>	<b>2.35</b>	<b>4.47</b>

The Standalone Statement of Cash Flow has been prepared in accordance with 'Indirect method' as set out in the Ind AS – 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder.

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

## For Walker Chandio &amp; Co LLP

Chartered Accountants

Firm registration No. 001076N/N500013

## Arun Tandon

Partner

Membership No. : 517273

Place : Gurugram

Date : May 30, 2022

For and on behalf of the Board of Directors of

## Rico Auto Industries Limited

## Arvind Kapur

Chairman, CEO &amp;

Managing Director

DIN: 00096308

## B.M Jhamb

Company Secretary

Place : Gurugram

Date : May 30, 2022

## Rakesh Kumar Sharma

Chief Financial Officer

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022

### 1. CORPORATE INFORMATION

Rico Auto Industries Limited ("the Company") registered office is situated at 38 KM Stone, Delhi – Jaipur Highway, Gurugram – 122001 (Haryana), was incorporated in India on March 7, 1983. The Company supplies a broad range of high-precision fully machined aluminum and ferrous components and assemblies to Original Equipment Manufacturers across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and research and development across aluminum and ferrous products. The Company is in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

### 2. RECENT ACCOUNTING PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 01, 2021. The Company is evaluating the effect of the amendments on its standalone financial statements.

#### Amended standards adopted by the Company

The Company has applied the following amendments for the first time for their annual reporting period commencing April 01, 2020.

- **Amendment to Ind AS 103, Business Combinations, Definition of business (refer note 48)**
- **Amendment to Ind AS 116, Leases, lease modification accounting for COVID-19, rent concession.** The Company does not have any significant impact on the standalone financial statements.

### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation and presentation

##### i) Compliance with Ind AS

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

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

##### ii) Functional and presentation currency:

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

##### iii) Going concern and basis of measurement

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

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

#### 3.2 Significant accounting policies

##### i) Revenue recognition

###### *Sale of goods*

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

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

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



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### *Interest income*

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

### *Rental income*

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

### *Dividend income*

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

### *Contract assets*

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

### *Contract liabilities*

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

## ii) **Leases**

### **Company as a lessee**

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

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

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

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

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

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

### **Company as lessor**

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

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.

### iii) Government grants, subsidies and export incentives

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

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

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

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

### iv) Property, plant and equipment

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

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

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

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

### v) Intangible assets

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

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

Intangibles under progress represents intangible assets under construction and is carried at cost.

### vi) Depreciation and amortisation

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

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

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

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

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

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

\* Includes right of use asset having life of 99 years.

\*\* Includes right of use asset having life of 5 years.

\*\*\* Includes right of use asset having life of 9 years.

### vii) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

### viii) Financial instruments

#### *Recognition and initial measurement*

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

#### *Subsequent measurement*

##### **Financial assets**

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

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

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

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

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

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

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

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

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

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

### *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 Standalone financial statements.

### **Financial liabilities**

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

### *De-recognition of financial liabilities*

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

### **Offsetting of financial instruments**

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

### **Impairment of financial assets**

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

### **ix) Derivative financial instruments**

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

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

### Hedge accounting

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

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

### Cash flow hedges

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

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

## x) Inventories

Inventories are valued as follows:

### Raw materials, stores and spares

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

### Work in progress

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

### Finished goods

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

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

## xi) Business combination

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

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

**Optional concentration test:** An optional test ('the concentration test') that allows the acquirer to carry out a simple assessment to determine whether the acquired set of activities and assets is not a business. The entity can choose whether or not to apply the concentration test for each transaction it makes. If the test is successful, then the acquired set of activities and assets is not a



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

business and no further assessment is required. If the test is not met or the entity does not carry out the test, then the entity needs to assess whether or not the acquired set of assets and activities meets the definition of a business in the normal way.

The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

### xii) Employee benefits

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

#### a. Provident fund and Employee State Insurance scheme

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

#### b. Gratuity

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

#### c. Compensated absences

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

### xiii) Research and development expenses

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

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

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

### xiv) Borrowing cost

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

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

### xv) Foreign currency transactions

#### *Initial recognition*

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### *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.

## **xvi) Taxes**

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

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

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

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

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

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

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

## **xvii) Provisions and contingencies**

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

## **xviii) Earnings per share**

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### xix) Impairment of non-financial assets

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

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

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

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

### 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 standalone 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 standalone 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 standalone 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 standalone financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- estimation on future sales, discount rates and terminal growth rates for determining impairment of investment in/ loan advanced to subsidiary companies;
- provision and contingent liabilities;
- carrying values of inventories;
- carrying values of hedging instruments;
- lease classification, lease term and discount rates; and
- impairment assessment of financial and non-financial assets

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### 5 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS

#### A Property, plant and equipment (₹ in Crores)

Particulars	Gross carrying values			Accumulated depreciation		Net carrying values	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	Charge for the year	Adjustment upon disposals	As at March 31, 2022
<b>Property plant and equipment</b>							
Land*	47.58	0.64	-	48.22	0.20	-	47.04
Buildings**	142.36	11.75	-	154.11	5.25	-	128.33
Furniture and fixtures	3.49	0.01	-	3.50	0.47	-	1.48
Plant and equipment***	558.40	107.62	13.54	652.48	53.28	12.84	455.84
Dies and moulds	52.81	36.48	-	89.29	13.08	-	49.25
Vehicles	13.28	0.68	2.21	11.75	1.35	1.96	3.24
Office equipment	6.75	0.33	-	7.08	0.41	-	2.03
<b>Total</b>	824.67	157.51	15.75	966.43	74.04	14.80	687.21

Particulars	Gross carrying values			Accumulated depreciation		Net carrying values	
	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	Charge for the year	Adjustment upon disposal	As at March 31, 2021
<b>Property plant and equipment</b>							
Land*	46.50	1.08	-	47.58	0.78	-	46.60
Buildings**	138.84	3.52	-	142.36	15.12	-	121.83
Furniture and fixtures	3.08	0.41	-	3.49	1.07	-	1.94
Plant and equipment***	464.72	98.72	5.04	558.40	42.61	0.87	402.21
Dies and moulds	47.38	6.96	1.53	52.81	17.72	1.53	25.85
Vehicles	13.76	0.41	0.89	13.28	8.10	0.66	4.16
Office equipment	6.04	0.73	0.02	6.75	3.48	0.02	2.11
<b>Total</b>	720.32	111.83	7.48	824.67	160.73	3.08	604.69

\*Includes gross block of right of use asset amounting to ₹19.64 crores (previous year ₹19.02 crores) with net block of ₹18.46 crores (previous year ₹18.04 crores) as at the reporting date, refer note 46.

\*\*Includes gross block of right of use asset amounting to ₹3.22 crores (previous year ₹3.22 crores) with net block of ₹2.31 crores (previous year ₹2.69 crores) as at the reporting date, refer note 46.

\*\*\*Includes gross block of right of use asset amounting to ₹29.51 crores (previous year ₹23.37 crores) with net block of ₹28.32 crores (previous year ₹2.04 crores) as at the reporting date, refer note 46.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### B Capital work-in-progress

Particulars	As at March 31, 2022	As at March 31, 2021
As at the beginning of the year	55.98	50.01
Additions	60.21	37.22
Transfers to property, plant and equipment	(36.58)	(31.25)
As at the end of the year	79.61	55.98

### C The capital work-in-progress ageing schedule as at March 31, 2022 and March 31, 2021 is as follows :

As at 31 March 2022			
CWIP	Less than 1 Year	1-2 years	2-3 years
Projects in progress	76.28	3.08	0.25
As at 31 March 2021			
CWIP	Less than 1 Year	1-2 years	2-3 years
Projects in progress	51.74	2.20	2.04

There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

**D** Borrowing costs capitalized/transferred to capital work in progress during the year amounts to ₹ 1.60 crores (previous year ₹0.43 crores) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's borrowings during the year, in this case 9.25% (previous year 9.57%)

**E** (i) For details regarding charge on property, plant and equipment – refer note 17

(ii) For details regarding contractual commitments for the acquisition of property, plant and equipment – refer note 39

(iii) The Company has not revalued its property, plant and equipment during the year.

(iv) The Company does not have any benami property and no proceedings have been initiated or pending against the Company for holding any benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder

(v) All title deeds of immovable properties are held in the name of Company.

**RICO - Made in India with Pride**

## 96

Annual Report 2021-22

There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue

There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue

There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue

There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue

There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>7 INVESTMENTS</b>		
<b>Non-current</b>		
<b>Investments in equity instruments in subsidiaries (at cost, fully paid up) – unquoted</b>		
<b>Rico Auto Industries Inc. (USA)</b>	<b>0.12</b>	<b>0.12</b>
2,500 equity shares of US\$ 10/- each (March 31, 2021: 2,500 equity shares of US\$ 10/- each)		
<b>Rico Auto Industries (UK) Ltd. (U.K.)</b>	<b>0.17</b>	<b>0.17</b>
20,000 equity share of GBP 1/- each (March 31, 2021: 20,000 equity share of GBP 1/- each)		
<b>AAN Engineering Industries Limited</b>	<b>6.05</b>	<b>0.05</b>
6,050,000 equity shares of ₹ 10/- each* (March 31, 2021: 50,000 equity shares of ₹ 10/- each)		
<b>Rico Investments Limited</b>		
118,700,000 equity shares of ₹ 10/- each ** (March 31, 2021: 116,000,000 equity shares of ₹ 10/- each)	<b>118.70</b>	<b>116.00</b>
<b>Rico Fluidtronics Limited</b>	<b>21.22</b>	<b>21.22</b>
21,520,000 equity Shares of ₹ 10/- each (March 31, 2021: 21,520,000 equity shares of ₹ 10/- each)		
<b>Rico Friction Technology Private Limited</b>	<b>0.76</b>	<b>0.01</b>
7,630,000 equity Shares of ₹ 10/- each (March 31, 2021: 7,000 equity shares of ₹ 10/- each)		
<b>Rico Care Foundation</b>	<b>0.01</b>	<b>–</b>
10,000 equity Shares of ₹ 10/- each (investment made during the current year)		
<b>Investment in equity instruments in associate (at cost, fully paid up) – unquoted</b>		
<b>Roop Ram Industries Private Limited***</b>	<b>2.43</b>	
2,434,640 equity Shares of ₹ 10/- each		
	<b>149.46</b>	<b>137.57</b>
Aggregated amount of un-quoted non-current investments at cost	<b>149.46</b>	<b>137.57</b>
*Investment in 6,000,000 equity shares @ ₹10/- each during the year.		
**Acquisition of non-controlling interest (2,700,000 equity shares @ ₹10/- each during the year)		
*** During the year, the Company has invested ₹2.43 crores by way of purchase of 2,434,640 fully paid equity shares of ₹10/- each of Roop Ram Industries Private Limited ("Roop Ram") constituting 26% of the paid-up equity share capital of the said company on 11 August 2021. Also, the Company had entered the Power Purchase Agreement ('PPA') with Roop Ram to procure their output of solar power on subsidized rates. As per the agreements entered, in the event of termination of the contracts or completion of the contract term, the Company will receive the investment made by it without any share of profit/loss in associate. As the Company has significant influence in Roop Ram, such investment amount has been accounted as Investment in Associate as per Ind AS 28 "Investment in associates and joint ventures" and carried at cost.		
<b>8 LOANS</b>		
<b>Non-current</b>		
<b>(Unsecured, considered good)</b>		
Loan to related parties (refer note 42 and 43)	<b>27.35</b>	<b>42.12</b>
Less: Current maturities of loan to related parties (refer note 9)	<b>(15.74)</b>	<b>(14.62)</b>
	<b>11.61</b>	<b>27.50</b>
<b>Current</b>		
<b>(Unsecured, considered good)</b>		
Loans to employees	<b>0.61</b>	<b>0.81</b>
	<b>0.61</b>	<b>0.81</b>
<b>9 OTHER FINANCIAL ASSETS</b>		
<b>Non-current</b>		
<b>(Unsecured, considered good)</b>		
<b>Financial assets carried at amortized cost</b>		
Security deposits	<b>13.45</b>	<b>12.20</b>
	<b>13.45</b>	<b>12.20</b>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
(Unsecured, considered good)		
Financial assets carried at amortized cost		
Current portion of loan to related parties (refer note 8 and 43)	15.74	14.62
Interest receivable	1.80	1.83
Unbilled revenue (refer note 47)	3.21	5.14
Insurance claim receivable	0.35	0.63
Export incentive receivable	5.97	8.37
Derivative asset measured at fair value (refer note 33)	0.58	0.63
Employee benefits recoverable from fund	—	0.57
Recoverable from electricity board on account of excess payment	1.06	3.07
Others	1.18	2.62
	<b>29.89</b>	<b>37.48</b>
<b>10 OTHER ASSETS</b>		
Non-current		
Capital advances	20.00	7.93
Contract costs (refer note 47)	14.61	15.04
Prepaid expenses	0.70	0.56
	<b>35.31</b>	<b>23.53</b>
<b>Current</b>		
Advance to suppliers	8.05	3.23
Prepaid expenses	5.87	3.18
Income tax receivable	0.30	2.14
Balance with government authorities	3.45	20.15
Contract costs (refer note 47)	4.69	4.27
Others	3.21	3.19
	<b>25.57</b>	<b>36.16</b>
<b>11 INVENTORIES</b>		
(valued at lower of cost or net realisable value)		
Raw materials	42.45	65.79
Work-in-progress	18.94	4.01
Finished goods	104.88	59.61
Goods-in-transit (finished goods)	1.61	4.03
Stores and spares	43.03	56.26
	<b>210.91</b>	<b>189.70</b>
<b>12 TRADE RECEIVABLES</b>		
Unsecured, considered good		
Unsecured, credit impaired	360.34	337.24
	0.13	0.14
Less: loss allowance	360.47	337.38
	(0.13)	(0.14)
	<b>360.34</b>	<b>337.24</b>

Trade receivables ageing schedule:—

Particulars	Undisputed trade receivables – considered good	Undisputed trade receivables – which have significant increase in credit risk	Undisputed trade receivables – credit impaired
<b>As at March 31, 2022</b>			
Unbilled	—	—	—
Not due	262.76	—	—
Less than 6 months	94.16	—	—
6 months – 1 year	3.42	—	—
1–2 years	—	—	—
2–3 years	—	—	0.02
More than 3 years	—	—	0.11
<b>Total</b>	<b>360.34</b>	<b>—</b>	<b>0.13</b>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

Particulars	Undisputed trade receivables – considered good	Undisputed trade receivables – which have significant increase in credit risk	Undisputed trade receivables – credit impaired
<b>As at March 31, 2021</b>			
Unbilled	–	–	–
Not due	253.89	–	–
Less than 6 months	56.61	–	–
6 months – 1 year	28.74	–	–
1–2 years	–	–	–
2–3 years	–	–	0.03
More than 3 years	–	–	0.11
<b>Total</b>	<b>337.24</b>	<b>–</b>	<b>0.14</b>

Note: There are no disputed amount receivables from the customers.

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>13 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.22	0.32
Balances with banks		
On current accounts	2.13	4.15
	<u>2.35</u>	<u>4.47</u>
<b>14 OTHER BANK BALANCES</b>		
Unpaid dividend accounts*	1.36	1.38
Bank deposits with maturity of more than 3 months and less than 12 months**	11.19	2.03
	<u>12.55</u>	<u>3.41</u>

\* These balances are not available for use by the Company and has been kept in escrow account for unclaimed dividends.

\*\* Pledged with bank for issuing letter of credit.

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>15 EQUITY SHARE CAPITAL</b>		
<b>a) Authorised</b>		
490,000,000 equity shares of ₹1/- each (March 31, 2021: 490,000,000 equity shares of ₹1/- each)	49.00	49.00
5,000,000 redeemable preference shares of ₹10/- each (March 31, 2021: 5,000,000 redeemable preference shares of ₹10/- each)	5.00	5.00
	<u>54.00</u>	<u>54.00</u>
<b>b) Issued, subscribed and paid-up</b>		
135,285,000 equity shares of ₹1/- each fully paid up (March 31, 2021: 135,285,000 equity shares of ₹1/- each)	13.53	13.53
	<u>13.53</u>	<u>13.53</u>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### c) Reconciliation of number of equity shares outstanding

	Year ended March 31, 2022		Year ended March 31, 2021	
	Amount	No. of shares	Amount	No. of shares
At the beginning of the year	13.53	13,52,85,000	13.53	13,52,85,000
Movement during the year	—	—	—	—
Outstanding at the end of the year	13.53	13,52,85,000	13.53	13,52,85,000

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

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

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

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	% of holding	No of shares	% of holding	No of shares
ASN Manufacturing and Services Private Limited	15.40	20,838,321	15.40	20,838,321
Mr. Arvind Kapur	9.38	12,674,960	9.38	12,674,960
Mr. Arun Kapur	6.48	8,770,849	6.48	8,770,849
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

The above information is furnished as per the shareholders register as at March 31, 2022 and March 31, 2021.

### f) Details of shareholding of promoters

Promoter name	As at March 31, 2022			As at March 31, 2021		
	No of shares	% holding	% of change during the year	No of shares	% holding	% of change during the year
Mr. Arvind Kapur	12,685,960	9.38%	—	12,685,960	9.38%	—
Mr. Arun Kapur	8,770,849	6.48%	—	8,770,849	6.48%	—
Mrs. Upasna Kapur	3,453,384	2.55%	—	3,453,384	2.55%	—
Mrs. Shalini Kapur	1,423,683	1.05%	—	1,423,683	1.05%	—
Mrs. Ritu Kapur	733,140	0.54%	—	733,140	0.54%	—
Ms. Nyla Kapur	375,040	0.28%	—	375,040	0.28%	—
Mr. Samarth Kapur	194,800	0.14%	—	194,800	0.14%	—
Mrs. Shivani Kapur	149,800	0.11%	—	149,800	0.11%	—
Mrs. Romilla Bahl	79,000	0.06%	—	79,000	0.06%	—
Mrs. Promila Sikka	4,000	0.00%	—	4,000	0.00%	—
Asn Manufacturing And Services Private Limited	20,838,321	15.40%	—	20,838,321	15.40%	—

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

Promoter name	As at March 31, 2022			As at March 31, 2021		
	No of shares	% holding	% of change during the year	No of shares	% holding	% of change during the year
Meraki Manufacturing And Finvest Advisors Private Limited	11,790,841	8.72%	—	11,790,841	8.72%	—
Higain Investments Private Limited	7,580,628	5.60%	—	7,580,628	5.60%	—
<b>Total</b>	<b>68,079,446</b>	<b>50.32%</b>	<b>—</b>	<b>68,079,446</b>	<b>50.32%</b>	<b>—</b>

- g) 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 preceeding March 31, 2022 and March 31, 2021.

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
<b>16 OTHER EQUITY</b>		
Capital reserve *	0.00	0.00
Capital redemption reserve	2.00	2.00
Securities premium	145.04	145.04
Foreign currency monetary item translation difference	—	—
General reserve	79.54	79.54
Retained earnings	362.24	338.29
	<b>588.82</b>	<b>564.87</b>

\* Amounts have been rounded off to zero

### Description of reserves

#### a Capital reserve

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

#### b Capital redemption reserve

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

#### c Securities premium

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

#### d Foreign currency monetary item translation difference

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

#### e General reserve

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

#### f Retained earnings

Retained earnings are the accumulated profits earned by earned by the Company till date, as adjusted for distribution to owners.

#### g Other comprehensive income

Other comprehensive income pertains to remeasurement gains/ (losses) on defined benefit plans and effective portion of loss on designated portion of hedging instruments in a cash flow hedge

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
<b>17 BORROWINGS</b>		
<b>Non-current</b>		
<b>Secured loan, at amortized cost*</b>		
<b>Term loan</b>		
From banks		
Foreign currency loans	39.52	59.47
Rupee loans	208.64	222.12

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

	(₹ in Crores)	
	As at March 31, 2022	As at March 31, 2021
From Financial institutions		
Rupee loans	20.31	25.59
<b>Vehicle loans</b>		
From financial institutions	0.67	0.63
From banks	0.27	0.72
<b>Unsecured loan, at amortized cost</b>		
Term loan		
From related parties (refer note 43)	14.75	5.00
	<b>284.16</b>	<b>313.53</b>
Less: Current maturities of non-current borrowings	92.09	88.23
	<b>192.07</b>	<b>225.30</b>
<b>Current borrowings</b>		
Working capital loans from banks:		
Secured, at amortized cost **		
Working capital loans		
From banks		
Rupee loans	200.68	156.36
Unsecured, at amortized cost **		
From banks and financial institutions		
Sale bills discounting	40.37	31.12
Current maturities of non-current borrowings	92.09	88.23
	<b>333.14</b>	<b>275.71</b>

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

\*\*Refer note F to G below for security details and terms of repayment for current borrowings.

### A Security details and terms of repayment – non-current secured loans

A1	The Company has taken a foreign currency term loan along with interest rate swap from RBL Bank Limited. The loan carries fixed interest rate @ 2.80% per annum on euro notional and is repayable in 18 equal quarterly instalments after moratorium of 6 quarters starting June, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	20.50	28.70
A2	Buyer's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in one year ie September 2022. Loan carries interest @ Euribor + 0.30% to 0.75% per annum (previous year Euribor + 0.55% per annum).	13.25	15.39
A3	Buyer's credit facility from Axis Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in three years ie June'2024. Loan carries interest @ Jpybor + 1.50% to 1.53% per annum (previous year NA).	5.77	–
A4	Reimbursement Authorization facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable after 3 years carrying interest @ Euribor + 0.78% per annum (previous year Euribor + 0.78% per annum). This Loan has been fully repaid in the current year on November 10, 2021.	–	7.87
A5	Supplier's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in three yearly installments starting July, 2019. Loan carries interest @ Euribor + 0.50% per annum (previous year Euribor + 0.40% to 0.50% per annum). This Loan has been fully repaid in the current year on May 3, 2021.	–	7.51



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

		(₹ in Crores)	
		As at March 31, 2022	As at March 31, 2021
B1	Rupee term loan from Yes Bank Limited carries interest @ 8.65 % to 9.95% per annum (previous year 8.75% to 10.40% per annum) and is repayable in 16 equal quarterly installments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	28.68	48.49
B2	Rupee term loan from Yes Bank Limited carries interest @ 8.75% to 10.15% per annum (previous year 9.95% to 10.15% per annum) and is repayable in 16 equal quarterly installments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	4.74	6.64
B3	The Company has taken term loan alongwith a interest rate swap (INR to Euro) from IndusInd Bank Limited. The loan carries fixed interest rate @ 4.50% per annum (previous year 4.50% per annum) on Euro notional and is repayable in 12 equal quarterly installments starting November 2018. The term loan is secured by exclusive charge on immovable properties (land and building) of the Company situated at Chennai and machinery imported under this facility. This Loan has been fully repaid in November 24, 2021.	—	4.36
B4	The Company has taken term loan alongwith a principal only swap (INR to Euro) from Kotak Mahindra Bank Limited. The loan carries interest @ 7.75% to 7.85% per annum (previous year 7.85% to 8.80% per annum) and is repayable in 16 equal quarterly installments after moratorium of 6 quarters starting December 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	8.79	13.07
B5	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 7.85% to 7.90% per annum (previous year 7.90% to 8.85% per annum) and is repayable in 16 equal quarterly installments after moratorium of 13 quarters starting February, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	1.70	1.81
B6	The company has converted rupee term loan in euro, a cross currency swap from Kotak Mahindra Bank Limited, carries interest @ 3.05% per annum on euro notional (previous year 3.05 % per annum) and is repayable in 16 equal quarterly installments after moratorium of 12 quarters starting December 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	28.38	32.43
B7	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.00% to 8.15% per annum (previous year 8.15% to 9.20% per annum) and is repayable in 16 equal quarterly installments after moratorium of 9 quarters starting February 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	4.70	5.02
B8	Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.00% to 8.15% per annum (previous year 8.15% to 9.15% per annum) and is repayable in 16 equal quarterly installments after moratorium of 3 quarters starting August 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	15.68	22.65
B9	Rupee term loan from HDFC Bank Limited carries interest @ 8.50% to 8.60% per annum (previous year 8.60% per annum) and is repayable in 20 equal quarterly installments after moratorium of 4 quarters starting January 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	23.75	25.00

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
B10 Rupee working capital term loan (ECLGS) from Yes Bank Limited carries interest @ 7.25% to 7.60% per annum (previous year 7.25% per annum) and is repayable in 48 equal monthly installments after moratorium of 12 months starting April 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	17.00	17.00
B11 Rupee working capital term loan (ECLGS) from Kotak Mahindra Bank Limited carries interest @ 7.15% to 7.20% per annum (previous year 7.20% per annum) and is repayable in 48 monthly installments after moratorium of 12 months starting February 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	27.46	28.50
B12 Rupee working capital term loan (ECLGS) from RBL Bank Limited carries interest @ 7.15% to 7.61% per annum (previous year 7.15% per annum) and is repayable in 48 equal monthly installments after moratorium of 12 months starting April 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	17.15	17.15
B13 Rupee term loan from Yes Bank Limited carries interest @ 8.75% per annum and is repayable in 16 equal quarterly installments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	6.25	—
B14 Rupee term loan from Yes Bank Limited carries interest @ 8.75% per annum and is repayable in 16 equal quarterly installments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	7.27	—
B15 Rupee working capital term loan (ECLGS) from Axis Bank Limited carries interest @ 7.35% per annum and is repayable in 48 equal monthly installments after moratorium of 24 months starting February, 2024. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	8.74	—
B16 Rupee working capital term loan (ECLGS) from State Bank of India carries interest @ 7.95% per annum and is repayable in 48 equal monthly installments after moratorium of 24 months starting January, 2024. The term loan is secured by second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	8.35	—
C. Rupee term loan from Bajaj Finance Limited carries interest @ 9.30% per annum (previous year 9.30% per annum) and is repayable in 20 equal quarterly installments after moratorium of 5 quarters starting May 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	20.31	25.59
D. Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 47–60 carrying interest @ 7.20% to 9.52% per annum (Previous year 7.20% to 9.52% per annum).	0.94	1.35

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021 (Contd.)

	(₹ in Crores)	
	As at March 31, 2022	As at March 31, 2021
<b>Security details and terms of repayment – non-current unsecured loans</b>		
E. Rupee term loan from subsidiary company, Rico Investments Limited, carries an interest @8.00% per annum (previous year @ 8.00% per annum). The loan has been disbursed in two tranches, one of ₹5 crores which shall be paid after moratorium of 3 years from date of receipt of loan through a single payment and another for ₹10 crores, repayable in 20 equal quarterly instalments from date of receipt of loan.	14.75	5.00
	<b>284.16</b>	<b>313.53</b>
<b>Security details and terms of repayment – current secured loans</b>		
F. Working capital loans/facilities are secured against first pari passu charge on all the current assets of the Company including all types of stocks and book debts/ receivables (both present and future) carrying interest rate ranging from 3.70% to 8.90% per annum. (previous year 4.60% to 9.95% per annum)	200.68	156.36
<b>Current unsecured loans</b>		
G. Working capital facility for sale bill discounting from various banks carries interest @ 5.40% to 6.25% per annum	40.37	31.12
	<b>241.05</b>	<b>187.48</b>

	(₹ in Crores)	
	As at March 31, 2022	As at March 31, 2021
<b>18 PROVISIONS</b>		
Non-current	6.13	10.27
Provision for gratuity (refer note 40)	2.05	4.79
Provision for compensated absences	8.18	15.06
<b>19 OTHER LIABILITIES</b>		
<b>Non-current</b>		
Security deposits	1.18	1.67
	<b>1.18</b>	<b>1.67</b>
<b>Current</b>		
Statutory liabilities	12.11	7.12
Security deposits	0.94	0.69
Contract liabilities – advances from customers* (refer note 47)	12.18	11.27
Other liabilities	0.21	0.10
	<b>25.44</b>	<b>19.18</b>
*Represents non-interest bearing advances from customers		
<b>20 TRADE PAYABLES</b>		
Payable to micro enterprises and small enterprises (refer note 38)	7.97	4.24
Other payables	382.28	291.29
Due to related parties (refer note 43)	1.80	11.12
Other payables	–	–
	<b>392.05</b>	<b>306.65</b>

Particulars	Payable to MSME	Payable to others
<b>As at March 31, 2022</b>		
<b>Undisputed dues</b>		
Unbilled dues	–	–
Not due	2.51	171.13
Less than 1 year	5.46	212.91
1–2 years	–	–
2–3 years	–	–
More than 3 years	–	–
<b>Total</b>	<b>7.97</b>	<b>384.08</b>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

Particulars	Payable to MSME	Payable to others
<b>As at March 31, 2021</b>		
<b>Undisputed dues</b>		
Unbilled dues	—	—
Not due	1.39	177.74
Less than 1 year	2.85	124.67
1–2 years	—	—
2–3 years	—	—
More than 3 years	—	—
<b>Total</b>	<b>4.24</b>	<b>302.41</b>

Note: Refer note 38 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006.

Note: There are no disputed trade payables.

	Year ended March 31, 2022	Year ended March 31, 2021
<b>21 OTHER FINANCIAL LIABILITIES</b>		
<b>Current</b>		
Derivative liability measured at fair value (refer note 33)	3.07	6.75
Interest accrued but not due on borrowings	0.72	1.76
Unclaimed dividends	1.29	1.38
Security deposits	2.76	2.28
Capital creditors	14.73	20.97
Employee benefits payable	9.72	10.53
	<u>32.29</u>	<u>43.67</u>
<b>22 REVENUE FROM OPERATIONS – (REFER NOTE 47)</b>		
Operating revenues		
Sale of products	1,554.80	1243.94
Sale of services	5.05	1.98
Job work income	<u>1559.85</u>	<u>1,245.92</u>
<b>Other operating revenues</b>		
Scrap sales	25.32	8.26
Duty draw back and other incentives	12.61	11.18
Amortisation of government grants	—	1.24
Business support services	1.72	1.67
Others	3.58	8.09
	<u>43.23</u>	<u>30.44</u>
<b>23 OTHER INCOME</b>		
Interest income on financial assets measured at amortized cost	4.34	7.35
Dividend income from subsidiary companies	2.15	7.95
Exchange rate fluctuation (net)	4.75	3.15
Rental income	6.12	5.02
Miscellaneous	2.72	4.87
	<u>20.08</u>	<u>28.34</u>
<b>24 COST OF RAW MATERIALS CONSUMED</b>		
Raw material and components		
Opening stock	65.79	34.90
Add : Purchases during the year	1,053.98	869.19
Less : Closing stock	42.45	65.79
Raw material and components consumed	<u>1,077.32</u>	<u>838.30</u>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS</b>		
<b>(a) Work-in-progress</b>		
Opening stock	4.01	4.38
Closing stock	18.94	4.01
	<u>(14.93)</u>	<u>0.37</u>
<b>(b) Finished goods (including stock-in-trade)</b>		
Opening stock	63.64	38.15
Closing stock	106.49	63.64
	<u>(42.85)</u>	<u>(25.49)</u>

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>26 OTHER MANUFACTURING EXPENSES</b>	<b>(57.78)</b>	<b>(25.12)</b>
Consumption of stores and spares	49.90	46.75
Power and fuel	87.65	57.05
	<b>137.55</b>	<b>103.80</b>
<b>27 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	171.65	145.87
Contribution to provident and other funds (refer note 40)	7.16	10.17
Staff welfare expenses	8.77	6.50
	<b>187.58</b>	<b>162.54</b>
<b>28 FINANCE COSTS</b>		
Interest expense towards loans and lease liabilities	35.35	33.50
Other borrowing costs	0.78	0.86
Exchange differences regarded as an adjustment to borrowing costs	0.54	0.60
	<b>36.67</b>	<b>34.96</b>
<b>28 OTHER EXPENSES</b>		
Rent (refer note 48)		
Repairs		
– buildings	1.66	0.65
– machinery	6.65	5.00
– others	2.37	3.12
Insurance	3.44	2.94
Rates and taxes	0.81	2.17
Directors' sitting fees	0.41	0.37
Traveling and conveyance	4.90	3.78
Legal and professional*	9.69	8.51
Vehicle running and maintenance	2.79	2.30
Freight and forwarding & Other Expenses	84.06	95.37
Amortisation of contract costs	4.62	2.04
Loss allowances	0.06	0.09
Miscellaneous	1.36	2.57
	<b>127.34</b>	<b>131.84</b>
<b>*Includes payment to the auditors on account of: #</b>		
Statutory audit fees including limited reviews	0.55	0.55
Certification fees	0.06	0.02
Reimbursement of expenses	0.06	0.03
	<b>0.67</b>	<b>0.60</b>
<b>30 EXCEPTIONAL ITEMS</b>		
Expenditure incurred on account of voluntary retirement scheme	5.48	4.25
	<b>5.48</b>	<b>4.25</b>
<b>31 INCOME TAX</b>		
A The reconciliation of estimated income tax expense at statutory income tax rate is as follows:		
(Loss) / Profit before income tax expense	34.31	(8.85)
Income tax using the Company's domestic tax rate @ 34.94% for both the years	11.99	(3.09)
Tax incentives and concessions	–	(0.27)
Non deductible expenses	(0.53)	0.27
<b>Income tax expenses recognised in the standalone statement of profit and loss</b>	<b>11.46</b>	<b>(3.09)</b>
<b>Tax expense</b>		
Current tax	5.84	(0.28)
Deferred tax charge/(credit)	5.62	(2.81)
<b>Total tax expense</b>	<b>11.46</b>	<b>(3.09)</b>

### Note:

During the previous years, pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Company has carried out an evaluation and based on its forecasted profits, believes it will not be beneficial for the Company to choose the lower tax rate option till the year ending March 31, 2023. Accordingly, current tax liabilities have been recorded at effective rate of 34.944% and deferred tax asset/liabilities reversing after 31 March 2023 have been recorded at lower tax rate of 25.17% resulting in reversal of deferred tax liabilities (net) of ₹3.19 crores as at March 31, 2020.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### 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/	Closing Balance
For the period ended March 31, 2022				
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	39.43	3.19	—	42.62
Financial assets and liabilities at amortised cost (including leases)	15.43	1.25	—	16.68
	<b>54.86</b>	<b>4.44</b>	<b>—</b>	<b>59.30</b>
<b>Deferred tax assets</b>				
Employee benefits	(8.69)	1.27	0.21	(7.21)
Carry forward losses	(20.54)	5.30	—	(15.24)
Minimum alternative tax credit entitlement	(15.92)	(5.84)	—	(21.76)
Effective portion of loss on hedging instruments	(0.32)	—	1.81	1.49
Others	(0.64)	0.45	—	0.13
	<b>(46.11)</b>	<b>1.18</b>	<b>2.02</b>	<b>(42.59)</b>
<b>Net deferred tax liabilities</b>	<b>8.75</b>	<b>5.62</b>	<b>2.02</b>	<b>16.71</b>
For the period ended March 31, 2021				
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	32.76	6.67	—	39.43
Financial assets and liabilities at amortised cost (including leases)	15.23	0.20	—	15.43
	<b>47.99</b>	<b>6.87</b>	<b>—</b>	<b>54.86</b>
<b>Deferred tax assets</b>				
Employee benefits	(8.89)	0.73	(0.53)	(8.69)
Carry forward losses	(11.05)	(9.49)	—	(20.54)
Minimum alternative tax credit entitlement	(15.00)	(0.92)	—	(15.92)
Effective portion of loss on hedging instruments	(2.43)	—	2.11	(0.32)
Others	(0.64)	—	—	(0.64)
	<b>(38.01)</b>	<b>(9.68)</b>	<b>1.58</b>	<b>(46.11)</b>
<b>Net deferred tax liabilities</b>	<b>9.98</b>	<b>(2.81)</b>	<b>1.58</b>	<b>8.75</b>

**Note:** Deferred tax assets and deferred tax liabilities have been netted off to the extent they relate to the same governing taxation laws.

### 32 EARNING PER SHARE

	Year ended March 31, 2022	Year ended March 31, 2021
Profit / (loss) after tax (A)( ₹ )	22.85	(5.76)
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) (₹)	1.69	(0.43)



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### 33 FINANCIAL INSTRUMENTS

#### A Financial Instruments by Category

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

(₹ in Crores)

	As at March 31, 2022		As at March 31, 2021	
	Derivatives (FV) used for hedging	Amortised Cost*	Derivatives (FV) used for hedging	Amortised Cost*
<b>Financial assets</b>				
<b>Non-current</b>				
Investments#	–	149.46	–	137.57
Loans	–	11.61	–	27.50
Other financial assets	–	13.45	–	12.20
<b>Current</b>				
Trade Receivables	–	360.34	–	337.24
Cash and cash equivalents	–	2.35	–	4.47
Bank balances other than cash and cash equivalents	–	12.55	–	3.41
Loans	–	0.61	–	0.81
Other financial assets	0.58	29.31	0.63	36.85
	0.58	579.68	0.63	560.05
<b>Financial liabilities</b>				
<b>Non-current</b>				
Borrowings (excluding current maturities)	–	192.07	–	225.30
Lease liabilities	–	17.00	–	3.70
<b>Current</b>				
Borrowings	–	333.14	–	275.71
Lease liabilities	–	6.76	–	1.00
Trade payables	–	392.05	–	306.65
Other financial liabilities	3.07	29.22	6.75	36.92
	3.07	970.24	6.75	849.28

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

#### B Fair value hierarchy

The categories used are as follows:

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

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

	As at	Level 1	Level 2	Level 3	Total
Derivative asset	March 31, 2022	–	0.58	–	0.58
Derivative liability	March 31, 2022	–	3.07	–	3.07
Derivative asset	March 31, 2021	–	0.63	–	0.63
Derivative liability	March 31, 2021	–	6.75	–	6.75

#### C Derivative financial instruments and hedge accounting

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

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

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

### Impact of hedging activities

#### (i) Effects of hedge accounting on balance sheet as at 31 March 2022:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/ rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 7,381,091	–	2.88	Apr 2020 – Sep 2025	80.10	(3.00)	2.93
(ii) Forward contracts	USD 6,300,000	0.58	–	Apr 2022 – Sep 2022	77.31	0.14	0.14
(iii) Forward contracts	EUR	–	–	Apr 2021 – Sep 2021	–	(0.19)	(0.19)
Interest rate risk							
(i) Interest rate swap	EUR 2,641,572	–	0.19	Apr 2020 – Sep 2024	2.80%	(0.68)	(0.68)
Total		0.58	3.07				

#### (ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2022:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	6.19	—	2.06	Revenue
Interest rate risk	0.68	—	(0.38)	Finance cost

#### (i) Effects of hedge accounting on balance sheet as at 31 March 2021:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/ rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 9,739,372	—	5.88	Apr 2020 – Sep 2025	77.87	0.72	(0.59)
(ii) Forward contracts	USD 3,600,000	0.44	—	Apr 2020 – Sep 2020	77.37	(1.75)	(1.75)
(iii) Forward contracts	EUR 1,200,000	0.19	—	Apr 2020 – Sep 2020	87.17	(0.14)	(0.14)
Interest rate risk							
(i) Interest rate swap	EUR 4,754,829	—	0.87	Apr 2020 – Sep 2024	2.80%	(0.32)	(0.32)
Total		0.63	6.75				

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### (ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2021:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Cash flow hedge				
Foreign exchange risk	8.99	(0.13)	3.45	Revenue
Interest rate risk	0.32	–	( 0.29)	Finance cost

### (iii) Movement in cash flow hedge reserve

Particulars	Foreign currency and interest rate risk (As at March 31, 2022)	Foreign currency and interest rate risk (As at March 31, 2021)
Opening balance	(0.61)	(4.52)
Add: Changes in fair value of hedging instruments	6.87	9.18
Less: Amounts reclassified to profit or loss	(1.68)	(3.16)
Less: Deferred tax relating to above (net)	(1.81)	(2.11)
Closing balance	2.77	(0.61)

## 34 CAPITAL MANAGEMENT

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

### Total debt divided by total equity

	(₹ in Crores)	
	As at March 31, 2022	As at March 31, 2021
Total debts*	548.97	505.71
Total equity#	602.35	578.40
Debt equity ratio	0.91	0.87

\* includes short term and long term borrowings & lease liabilities with current maturities

# includes equity share capital and other equity

## 35 FINANCIAL RISK MANAGEMENT

### 35A Market risk:

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

#### a. Foreign currency risk:

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

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

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

(₹ in Crores)					
As at March 31, 2022	USD	JPY	EURO	GBP	Total
Trade payables	10.85	0.27	5.50	2.96	19.59
Advance From Customer	1.28	—	0.86	—	2.14
Other payables	—	—	—	—	—
Borrowings:					
Term loan#	—	5.77	76.43	—	82.19
Less: Investments	0.19	—	—	0.20	0.39
Less: Cash & Bank	0.29	—	—	—	0.29
Less: Advance to supplier	2.22	0.87	9.00	0.15	12.23
Less: Trade receivables	48.84	—	42.02	—	90.86
<b>Net payable / (receivable)</b>	<b>(39.41)</b>	<b>5.17</b>	<b>31.78</b>	<b>2.61</b>	<b>0.15</b>
Impact on profit and loss account on account of change in currency					
Sensitivity to increase of 1%	0.39	(0.05)	(0.32)	(0.03)	(0.00)
Sensitivity to decrease of 1%	(0.39)	0.05	0.32	0.03	0.00

# Includes INR to EURO Swap amounting to EURO 47,39,519 outstanding as at 31 March 2022.

(₹ in Crores)					
As at March 31, 2021	USD	JPY	EURO	GBP	Total
Trade payable	16.77	0.14	4.68	2.99	24.57
Advance from customer	1.84	—	2.68	—	4.53
Other Payables	—	—	—	—	—
Borrowings:					
Term loan#	—	—	115.59	—	115.59
Less: Investments	0.18	—	—	0.20	0.38
Less: Cash & Bank	0.24	—	0.89	—	1.13
Less: Advance to supplier	0.51	1.73	2.66	0.19	5.09
Less: Trade receivable	57.43	—	38.71	—	96.13
<b>Net payable / (receivable)</b>	<b>(39.76)</b>	<b>(1.59)</b>	<b>80.69</b>	<b>2.60</b>	<b>41.94</b>
Impact on profit and loss account on account of change in currency					
Sensitivity to increase of 1%	0.40	0.02	(0.81)	(0.03)	(0.42)
Sensitivity to decrease of 1%	(0.40)	(0.02)	0.81	0.03	0.42

# Includes INR to EURO Swap amounting to EURO 6,041,172 outstanding as at 31 March 2021.

(₹ in Crores)			
Currency sold	As at March 31, 2022	As at March 31, 2021	
Derivatives outstanding at the reporting date:			
Forward contract (sell) against exports	USD 48.71	18.99	
Forward contract (sell) against exports	EURO —	19.32	

### 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, 2022	As at March 31, 2021
Variable rate borrowings	236.49	290.40

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

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

(₹ in Crores)		
Variable rate borrowings	Year ended March 31, 2022	Year ended March 31, 2021
Interest rate increase by 0.5%	1.18	1.45
Interest rate decrease by 0.5%	(1.18)	(1.45)

### 35B Credit Risk :

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

(₹ in Crores)		
Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	2.35	4.47
Other bank balances	12.55	3.41
Trade receivables	360.34	337.24
Loans	12.22	28.31
Other financial assets	29.89	37.48

#### Cash and cash equivalents and bank balances

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

#### Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Trade receivable are non-interest bearing and are settled upto 30 to 180 days terms.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. In Accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2022 and March 31, 2021 is insignificant.

#### Loans and other financial assets measured at amortised cost

Loans and 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 loans:

(₹ in Crores)		
Particulars	As at March 31, 2022	As at March 31, 2021
<b>A Loans</b>		
Less than 1 year	15.74	14.62
1-3 years	11.61	27.50
More than 3 years	—	—
	<b>27.35</b>	<b>42.12</b>

### 35C Liquidity risk:

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

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

(₹ in Crores)

	Less than 1 year	1 – 3 years	More than 3 years	Total
<b>As at March 31, 2022</b>				
Borrowings	335.14	138.52	51.55	525.21
Expected interest on above borrowings	21.39	18.77	3.35	43.51
Interest accrued but not due on borrowings	0.72	–	–	0.72
Trade payable (including capital creditors)	392.05	–	–	392.05
Unclaimed dividends	1.29	–	–	1.29
Employee benefits payable	9.72	–	–	9.72
Security deposits	2.76	–	–	2.76
Derivative liability measured at fair value	3.07	–	–	3.07
Lease liabilities	6.76	17.00	–	23.76
<b>As at March 31, 2021</b>				
Borrowings	275.71	142.85	82.45	501.01
Expected interest on above borrowings	15.66	26.39	6.39	48.44
Interest accrued but not due on borrowings	1.76	–	–	1.76
Trade payable (including capital creditors)	306.65	–	–	306.65
Unclaimed dividends	1.38	–	–	1.38
Employee benefits payable	10.53	–	–	10.53
Security deposits	2.28	–	–	2.28
Derivative liability measured at fair value	6.75	–	–	6.75
Lease liabilities	1.00	3.70	–	4.70

### 36 CONTINGENCIES

**A Contingent liability :** The Company has contingent liabilities in respect of:

#### A1 Demand against the Company not acknowledged as liability

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
Income taxes	–	0.00*
Sales tax and Value added tax	0.05	0.62
Excise and service tax	6.11	6.44
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60

\* Amounts have been rounded off to zero

\*\* DHBVN had demanded ₹ 5.60 crores (previous year ₹5.60 crores) for overdrawing power as compared to approved load limit. DHBVN filed a writ petition before Hon'ble High Court of Punjab and Haryana which was dismissed on account of non-prosecution on February 15, 2016. Thereafter, DHBVN filed case against the Company with divisional bench of Honourable High Court of Punjab and Haryana. The Company has deposited ₹3.60 crores with DHBVN. The case is presently pending and next hearing on October 14, 2021

**A2** The Company has given comfort letters to banks for funds raised by its step-down subsidiary companies, namely Rico Jinfei Wheels Limited Rs.26.25 crores (previous year Rs.42.60 crores) and Rico Aluminium and Ferrous Auto Components Limited Rs. NIL (previous year Rs.1.50 crores).

**A3** The Company has provided support letter to its step-down subsidiary, Rico Jinfei Wheels Limited.

**A4** The Company has given corporate Guarantee for the funds raised by its subsidiary company AAN Engineering Industries Limited Rs.0.39 crores (previous year Rs.1.04 crores).

#### B Other matter

GAIL (India) Limited ("GAIL") had raised a demand against the Company in relation to minimum gas consumption by the Company in accordance with the terms of Gas Sale Agreement executed between GAIL and the Company. The Company had filed a case against GAIL with Competition Commission of India which was decided in favour of the Company, however GAIL continued to send demand notices to the Company (amounting to ₹5.40 crores, as at reporting date) however the Company refuted the claims filed by GAIL. During the current and previous year, the Company has received waiver letters from GAIL in respect of such demand notices and accordingly the Company believes that there will be no outflow of resources in respect of claims filed by GAIL.



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### 37 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The funds were primarily allocated and utilized 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 ₹ 0.90 crores (March 31, 2021: ₹ 1.23 crores).

b) Amount spent during the year on

**Year ended March 31, 2022:**

S. No	Particulars	In cash	Yet to be paid in cash	Total*
i)	Construction/acquisition of any asset	—	—	—
ii)	On purposes other than (i) above	0.49	—	0.49

**Year ended March 31, 2021:**

S. No	Particulars	In cash	Yet to be paid in cash	Total*
i)	Construction/acquisition of any asset	—	—	—
ii)	On purposes other than (i) above	0.90	—	0.90

\* The Company has proposed to spend ₹ 0.72 crores (previous year ₹ 1.40 crores) as against minimum amount of ₹ 0.90 crores (previous year ₹ 1.23 crores) in accordance with the approval of CSR Committee.

### 38 DUES TO MICRO AND SMALL ENTERPRISES

(₹ in Crores)

	As at March 31, 2022		As at March 31, 2021	
	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;	7.35	0.31	4.24	—
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;	0.31	—	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.31	—	—	—
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.	—	—	—	—

This information as required to be disclosed under section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 39 COMMITMENTS

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹20.00 crores (March 31, 2021: ₹7.93 crores)]	99.90	26.98

### 40 Employee benefits

#### A. Defined contribution plans

(₹ in Crores)

	Year ended March 31, 2022	Year ended March 31, 2021
Employer's contribution to provident fund	4.11	3.15
Employer's contribution to ESI	0.34	0.29

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### 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 and Indiafirst 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 Company's standalone financial statements.

	(₹ in Crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>B1 Change in defined benefit obligation</b>		
Present value of obligation as at beginning of the year	19.35	17.44
Current service cost*	1.51	1.47
Interest cost	1.30	1.19
Benefits paid	(3.72)	(2.20)
Actuarial loss	(0.46)	1.45
Present value of obligation as at end of the year	17.98	19.35
*Included in employee benefit expenses.		
<b>B2 Change in fair value of plan assets</b>		
Fair value of assets at the beginning of the year	9.08	8.76
Expected return on plan assets	0.61	0.60
Employer's contributions	0.13	1.65
Benefits paid	(1.42)	(1.93)
Return on plan asset greater than discount rate – (Other comprehensive income)	0.18	–
Adjustment of opening	3.27	–
Fair value of plan assets as at end of the year	11.85	9.08
<b>B3 The amounts to be recognised in standalone balance sheet</b>		
Present value of obligation as at the end of the year	17.98	19.35
Fair value of plan assets as at the end of the year	11.85	9.08
Net liability recognised in standalone balance sheet	6.13	10.27
– Non-current	6.13	10.27
<b>B4 Expense recognised during the year</b>		
<b>In standalone statement of profit and loss account</b>		
Current service cost	1.51	1.47
Interest cost (net of income)	0.69	0.59
Net cost	2.20	2.06
<b>In other comprehensive income</b>		
– Change in financial assumptions	(0.86)	0.09
– Return on plan asset greater than discount rate	(0.18)	–
– experience variance (i.e. actual experience vs assumptions)	0.40	1.39
Net cost	(0.64)	1.48
<b>B5 Actuarial assumptions:</b>		
Discount rate	7.25%	6.75%
Rate of increase in compensation levels	5.50%	5.50%
Mortality rate (% of IALM 12–14)	100.00%	100.00%
Retirement age (years)	58	58
Attrition / Withdrawal rates, based on age (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (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, 2022	
	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	17.18	18.84
Impact of change in salary (+/- 0.5%)	18.85	17.16
Impact of change in attrition rate (+/- 0.5%)	18.05	17.90

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

Particulars	(₹ in Crores)					
	Year ended					
	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
On plan liabilities – gain/(loss)	(1.54)	(1.44)	(0.52)	(2.45)	(1.39)	(0.40)
On plan assets – gain/(loss)	(0.22)	–	–	–	–	0.18

### B8 Expected contribution during the next annual reporting period

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
The Company's best estimate of contribution during the next year	7.64	11.92

### B9 Maturity profile of Defined Benefit Obligation

Particulars	Year ended March 31, 2022	Year ended March 31, 2020
Weighted average duration (based on discounted cashflows)	9 years	10 years

Expected cash flows over the next (valued on undiscounted basis):	As at March 31, 2022	As at March 31, 2021
1 year	1.45	0.99
2 to 5 years	4.93	5.33
6 to 10 years	8.85	9.29
More than 10 years	24.96	26.11

### 41 EXPENDITURE ON RESEARCH AND DEVELOPMENT

	Year ended March 31, 2022	Year ended March 31, 2021
Capital expenditure	3.08	2.55
Employee benefits expense	5.58	6.90
Revenue expenditure other than depreciation	3.18	2.39
Depreciation on research and development assets	1.82	2.07

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

Loans and advances in the nature of loans to subsidiaries	(₹ in Crores)			
	As at March 31, 2022	As at March 31, 2021	Maximum balance outstanding during the year ended	
			March 31, 2022	March 31, 2021
Rasa Autocom Limited (Step down subsidiary)	–	–	–	26.03
Rico Jinfei Wheels Limited (Step down Subsidiary)	27.35	37.71	37.71	44.82
AAN Engineering Industries Limited (subsidiary)	–	4.41	4.41	5.24

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

7Disclosure pursuant to Section 186(4) of the Companies Act, 2013

Nature of the transaction (loans given/investment made/ guarantee given)		As at March 31, 2022	As at March 31, 2021
(a)	<b>Long-term loans given to provide financial assistance to related parties for general business purpose *</b>		
	<b>Rico Jinfei Wheels Limited @ 10.00% per annum</b>		
	Opening balance	37.71	44.82
	Loans given during the year	—	—
	Loans repaid during the year	(10.36)	(7.11)
	<b>Closing balance</b>	<b>27.35</b>	<b>37.71</b>
	<b>AAN Engineering Industries Limited @ 10.00% per annum</b>		
	Opening balance	4.41	5.24
	Loans given during the year	—	—
	Loans repaid during the year	(4.41)	(0.83)
	<b>Closing balance</b>	<b>—</b>	<b>4.41</b>
<b>Nature of the transaction (loans given/investment made/ guarantee given)</b>			
(b)	<b>Investments #</b>		
	<b>Investment in equity shares ##</b>		
	Rico Auto Industries Inc. (USA)	0.12	0.12
	Rico Auto Industries (UK) Limited (U.K.)	0.17	0.17
	AAN Engineering Industries Limited	6.05	0.05
	Rico Investments Limited	118.70	116.00
	Rico Fluidtronics Limited	21.22	21.22
	Rico Friction Technology Private Limited	0.76	0.01
	Rico Care Foundation	0.01	—
	Roop Ram Industries Private Limited	2.43	—
	<b>Corporate guarantee^</b>		
	AAN Engineering Industries Limited	0.39	1.04

\* refer note 8 for particulars of the loans and advances given.

# refer note 6 and 7 for full particulars of the investments made

## the above investments are shown at cost per financial reporting requirements

^ refer note 35 for full particulars of the corporate guarantees given

### 43 RELATED PARTY DISCLOSURES

#### I Related parties

##### A Subsidiaries

##### A1 Indian

- i. AAAN Engineering Industries Limited
- ii. Rico Investments Limited
- iii. Rico Aluminium and Ferrous Auto Components Limited (step down subsidiary)
- iv. Rasa Autocom Limited (step down subsidiary)
- v. Rico Jinfei Wheels Limited (step down subsidiary)
- vi. Rico Fluidtronics Limited
- vii. Rico Friction Technologies Private Limited

##### A2 Foreign

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

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### B Associate

- i. Roop Ram Industries Private Limited

### C Other Related Parties (Entity in which KMP exercise significant influence) with whom there are transactions during the year or balances as at year end

- i. ASN Manufacturing and Services Private Limited
- ii. Higain Investments Private Limited
- iii. Magpie Manufacturing and Tech. Private Limited
- iv. ASN Properties Private Limited
- v. Rico Castings Limited
- vi. Helical Spring (Unit of T.K. Precision Private Limited)
- vi. Kapbros Engineering Industries Limited
- vii. Haridwar Estates Private Limited
- viii. Ishvara Manufacturing and Finvest Advisors Private Limited

### D Key management personnel

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

\* as per the Companies Act 2013

## II Transactions with related parties:

		(₹ in Crores)	
		Year ended March 31, 2022	Year ended March 31, 2021
<b>A</b>	<b>Step down subsidiary/Subsidiary</b>		
<b>1</b>	<b>Rasa Autocom Limited</b>		
	Purchase of raw material	–	63.15
	Sale of finished goods	–	1.67
	Sale of assets*	–	0.00
	Purchase of property, plant and equipments	–	16.81
	Reimbursement of expenses	9.72	2.98
	Recovery of expenses	0.08	1.76
	Rent paid	1.31	0.35
	Interest income	–	1.90
	Repayment of loan (assets)	–	26.03
<b>2</b>	<b>Rico Jinfei Wheels Limited</b>		
	Purchase of raw material	8.91	5.65
	Sale of finished goods	3.66	1.38
	Repayment of loan (assets)	7.82	7.13
	Recovery of expenses	0.07	0.08
	Interest income	3.21	4.13
	Purchase of property, plant and equipments*	–	0.00
	Rent paid	0.28	0.03
	Reimbursement of expenses	0.10	0.02
<b>3</b>	<b>Rico Aluminium and Ferrous Auto Components Limited</b>		
	Purchase of raw material	203.83	178.38
	Sale of finished goods	21.76	12.93
	Sale of assets	0.40	0.25
	Rent income	5.49	5.49
	Purchase of assets	0.48	0.57
	Rent paid	0.40	0.42
	Recovery of expenses	54.36	44.67
	Reimbursement of expenses	0.09	0.03
	Purchase of services	0.71	0.71

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

		(₹ in Crores)	
		Year ended March 31, 2022	Year ended March 31, 2021
4	<b>Rico Auto Industries Inc, USA</b>		
	Sale of finished goods	171.90	138.61
	Reimbursement of expenses	2.05	8.75
	Recovery of expenses	4.02	—
5	<b>Rico Auto Industries (UK) Limited, UK</b>		
	Sale of goods	3.33	5.38
	Reimbursement of expenses	0.05	0.14
6	<b>AAN Engineering Industries Limited</b>		
	Rent income	0.16	0.16
	Recovery of expenses	0.00	0.00
	Interest income	0.39	0.48
	Sale of goods	12.45	10.19
	Investment	6.00	—
	Purchase of goods including job work	14.65	11.25
	Purchase of property, plant and equipment	—	0.02
	Repayment of loan (assets)	4.40	0.84
7	<b>Rico Investments Limited</b>		
	Rent income	0.01	0.01
	Dividend received	—	5.80
	Recovery of expenses	0.10	0.08
	Loan received	10.00	5.00
	Interest paid	0.60	0.21
	Investment	2.70	—
	Loan Repayment	0.25	0.00
8	<b>Rico Fluidtronics Limited</b>		
	Repayment of loan	—	15.00
	Sale of goods	5.45	4.68
	Business support services	0.90	1.20
	Dividend received	2.15	2.15
	Interest paid	—	0.59
	Purchase of goods	0.53	0.52
	Reimbursement of expense	0.13	0.66
	Purchase of property, plant and equipment	—	0.03
9	<b>Rico Friction Technologies Private Limited (Formerly known as Metalart Friction Private Limited)</b>		
	Purchase of goods	3.86	1.61
	Rent Income	0.06	—
	Investment	0.75	0.00
10	<b>Roop Ram Industries Limited</b>		
	Investment	2.43	—
B	<b>Entity in which directors are interested</b>		
1	<b>Rico Casting Limited</b>		
	Purchase of goods	12.69	22.04
	Sale of goods	16.28	14.54
	Recovery of expenses	0.01	0.02
	Job work income	—	0.01
2	<b>Kapbros Engineering Industries Limited</b>		
	Purchase of raw material	47.90	68.68
	Sale of goods	3.60	0.93
	Purchase of property, plant and equipment	2.22	4.31
	Sale of assets*	1.07	0.00
	Recovery of expenses	0.15	0.27
	Reimbursement of expenses	0.84	0.41
	Rent income	0.00	0.01
3	<b>ASN Manufacturing and Services Private Limited (Formerly Kapsons Manufacturing and Services Private Limited)</b>		
	Rent expense	1.04	1.12
	Rent income	0.04	0.08
	Job work expense	—	0.00
	Sales of goods	3.68	3.54
	Purchase of goods	4.81	4.32
	Recovery of expenses	0.02	0.02
	Security deposit	0.26	0.26



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

		(₹ in Crores)	
		Year ended March 31, 2022	Year ended March 31, 2021
4	<b>Magpie Manufacturing and Tech Private Limited (Formerly Magpie Finvest Advisors Private Limited)</b>		
	Purchase of raw material	11.99	12.96
5	<b>Helical Spring (Unit of T.K. Precision Private Limited)</b>		
	Purchase of raw material	5.83	6.61
	Recovery of expenses	0.18	0.07
	Job Work Income	—	0.00
6	<b>Ishwara Manufacturing and Finvest Advisors Private Limited</b>		
	Rent expense	0.08	0.08
7	<b>ASN Properties Private Limited</b>		
	Rent income*	0.00	0.00
8	<b>Key management personnel compensation**</b>		
	Shri Arvind Kapur	8.00	3.37
	Shri Arun Kapur	0.60	0.30
	Shri Rakesh Kumar Sharma#	0.63	0.57
	Shri BM Jhamb#	0.41	0.37
	Sitting fees and commission	0.89	0.37

\* Amounts have been rounded off to zero

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

# As per section 203 of the Act, definition of Key Managerial Personnel includes Chief Executive Officer, Chief Financial Officer and Company Secretary.

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

### III Balances with related parties:

		(₹ in Crores)	
		As at March 31, 2022	As at March 31, 2021
<b>A</b>	<b>Step down subsidiary/Subsidiary</b>		
1	<b>Rasa Autocom Limited</b>		
	Trade payables	0.72	4.52
2	<b>Rico Jinfei Wheels Limited</b>		
	Trade payables	3.48	0.07
	Loans	27.35	37.71
3	<b>Rico Aluminium and Ferrous Auto components Limited</b>		
	Trade receivables	27.32	27.99
4	<b>Rico Auto Industries Inc, USA</b>		
	Trade receivables	38.44	43.90
5	<b>Rico Auto Industries (UK) Limited, UK</b>		
	Trade payables	3.77	3.55
6	<b>AAN Engineering Industries Limited</b>		
	Trade receivables	0.50	1.33
	Loans	1.70	4.41
7	<b>Rico Investment Limited</b>		
	Trade receivables	—	0.08
	Trade payables	0.23	—
	Long-term borrowings	14.75	5.00
8	<b>Rico Fluidtronics Limited</b>		
	Trade receivables	0.78	1.09
9	<b>Rico Friction Technologies Private Limited (formerly Metalart Friction Private Limited)</b>		
	Trade payables	0.84	0.55

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
<b>B Entity in which directors are interested</b>		
<b>1 Rico Castings Limited</b>		
Trade receivables	0.29	1.08
<b>2 Kapbros Engineering Industries Limited</b>		
Trade payables	5.11	1.17
<b>3 ASN Manufacturing And Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)</b>		
Security deposits	0.26	0.26
Trade receivables	0.15	0.05
<b>4 Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)</b>		
Trade payables	0.93	2.28
<b>5 Helical Spring (Unit of T.K. Precision Private Limited)</b>		
Trade payables	2.13	1.75
<b>6 ASN Properties Private Limited</b>		
Trade payables	0.00*	0.00*
<b>7 Ishwara Manufacturing and Finvest Advisors Private Limited</b>		
Security Deposits	0.01	0.01
Trade payables	0.04	

\* Amounts have been rounded off to zero

All transactions with related parties are made on the terms equivalent to those that prevail at arm's length transactions and within the ordinary course of business. Outstanding balances at respective year ends are unsecured.

The Company has given comfort letters to banks for funds raised by its step-down subsidiary companies, namely Rico Jinfei Wheels Limited ₹26.25 crores (previous year ₹42.60 crores) and Rico Aluminium and Ferrous Auto Components Limited Rs. NIL (previous year ₹1.50 crores).

The Company has provided support letter to its step-down subsidiary, Rico Jinfei Wheels Limited.

The Company has given corporate Guarantee for the funds raised by its subsidiary company AAN Engineering Industries Limited ₹0.39 crores (previous year ₹1.04 crores)

44. The Company has opted to provide segment information in its consolidated financial statements in accordance with Ind AS 108 – Operating Segments; accordingly, disclosures are not made in the standalone financial statements.
45. In accordance with Accounting Standard 11 (under previous GAAP) “The effects of Changes in Foreign Exchange Rates”, the Company had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. The Company has elected to continue with this accounting treatment as per option given in para D13AA of IND AS 101. Amount remaining to be amortized is as under:

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
<b>Un-amortized exchange differences–</b>		
– Property, plant and equipment	0.00*	4.84
– FCMITDA	–	–

\* Amounts have been rounded off to zero

46. As per the transfer pricing norms applicable in India, the Company is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating the transfer pricing study for the current financial year. However, in the opinion of the management the same would not have a material impact on these standalone financial statements.

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### 47. REVENUE

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

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

Particulars	(₹ in Crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
India	1,148.00	917.49
Other than India	455.08	358.87
<b>Total</b>	<b>1,603.08</b>	<b>1,276.36</b>

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

Particulars	(₹ in Crores)	
	As at March 31, 2022	As at March 31, 2021
Contract asset		
– Trade receivables*	360.34	337.24
– Unbilled revenue	3.21	5.14
Contract costs	19.30	19.31
Contract liabilities (advances from customers)	12.18	11.27

Significant changes in Contract costs and contract liabilities during the year are as follows:

Particulars	(₹ in Crores)		
	As at March 31, 2022		
	Contract cost	Unbilled Revenue	Advances from customers
<b>Opening balances</b>	19.31	5.14	11.27
Addition during the year	4.61	3.21	9.94
Revenue recognized/ amount adjusted/amortized during the year	(4.62)	(5.14)	(9.03)
<b>Closing balance</b>	<b>19.30</b>	<b>3.21</b>	<b>12.18</b>
Non-current	14.61	–	–
Current	4.69	3.21	12.18

Particulars	(₹ in Crores)		
	As at March 31, 2021		
	Contract cost	Unbilled revenue	Advances from customers
<b>Opening balances</b>	10.34	0.67	22.01
Addition during the year	11.01	5.14	14.33
Revenue recognized/ amount adjusted/amortized during the year	(2.04)	(0.67)	(25.07)
<b>Closing balance</b>	<b>19.31</b>	<b>5.14</b>	<b>11.27</b>
Non-current	15.04	–	–
Current	4.27	5.14	11.27

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### 48. LEASES

#### i. Nature of Leasing activities

The Company has entered into lease arrangements for land, plant and equipment, and office and factory buildings that are renewable on a periodic basis with approval of both lessor and lessee. The Company does not have any lease commitments towards variable rent as per the contract.

#### ii. Following are the changes in the carrying value of right of use assets::

Particulars	Land	Building	Plant and equipment	Total
<b>Category of ROU assets</b>				
<b>Balance recognized as at April 1, 2020</b>	<b>18.24</b>	<b>3.07</b>	<b>–</b>	<b>21.31</b>
Additions during the year	–	–	2.37	2.37
Deletions during the year	–	–	–	–
Depreciation charge for the year	0.20	0.38	0.33	0.91
<b>Balance as at March 31, 2021</b>	<b>18.04</b>	<b>2.69</b>	<b>2.04</b>	<b>22.77</b>
Addition during the year	0.62	–	27.14	27.76
Deletions during the year	–	–	–	–
Depreciation charge for the year	0.20	0.38	0.86	1.44
<b>Balance as at March 31, 2022</b>	<b>18.46</b>	<b>2.31</b>	<b>28.32</b>	<b>49.09</b>

iii. The weighted average incremental borrowing rate applied to lease liability is 8.50%.

#### iv. Lease liabilities are presented in the Standalone Balance Sheet as follows

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current	17.00	3.70
Current	6.76	1.00
<b>Total lease liabilities</b>	<b>23.76</b>	<b>4.70</b>

#### v. The following is the movement in lease liabilities:

(₹ in Crores)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Opening balance</b>	<b>4.70</b>	<b>3.14</b>
Addition during the year	24.57	2.07
Deletion during the year	–	–
Modification during the year	–	–
Finance cost accrued during the year	1.22	0.40
Payment of lease liability	(6.73)	(0.91)
<b>Closing balance</b>	<b>23.76</b>	<b>4.70</b>

#### vi. Lease payments not recognized as liability:

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Short term leases	4.52	2.93
<b>Total</b>	<b>4.52</b>	<b>2.93</b>

vii. Lease term ranges from 4–9 years (previous year 4– 9 years)

viii. For maturity profile of lease liabilities refer note 34

ix. Lease income recognized during the current year ₹ 6.12 crores (previous year ₹5.02 crores)

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

49. In the previous year, the Company had acquired all plant, property and equipment except land and building (₹14.24 crores) with certain other assets (Inventories ₹0.91 crores) for a purchase consideration of ₹14.83 crore from its step-down subsidiary, RASA Autocom Limited, as approved by Board of Directors of the Company vide resolution dated February 12, 2021 which has been accounted as an asset acquisition per Ind AS 103 "Business Combinations", as amended
50. The Board of Directors of the Company, based on the recommendation of Audit Committee, in its meeting held on 26<sup>th</sup> July, 2021, have considered and approved the Scheme of Amalgamation ("Scheme") for merger of its subsidiary company namely M/s. Rico Investments Limited and step down subsidiary companies namely M/s. RASA Autocom Limited and M/s. Rico Aluminium and Ferrous Auto Components Limited ("Transferor Companies") with the Company, pursuant to Sections 230 to 232 of the Companies Act, 2013, with effect from Appointed Date i.e. 1<sup>st</sup> April, 2021. The Scheme is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal "NCLT", the shareholders and creditors of each of the companies. The same was filed with the NCLT on 29<sup>th</sup> September, 2021. Thereafter, pursuant to Hon'ble NCLT directions, the shareholders and creditors have approved the scheme with requisite majority. Now, the second motion petition has been filed and scheduled for hearing on 25<sup>th</sup> July, 2022.

### 51. Events after Balance sheet date

There are no reportable subsequent events after the balance sheet date.

### 52. Reconciliation of liabilities from financing activities

During the previous years, there was amendment to Ind AS 7 Statement of cash flows, which require the entities to provide disclosures that enable users of standalone 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 does not have any material impact on the standalone financial statements; accordingly, the reconciliation is not disclosed.

53. As at March 31, 2022, the Company has investment in equity shares of Rico Jinfei Wheels Limited (a step down subsidiary company) amounting to ₹6.04 crores (March 31, 2021: ₹6.04 crores) and in AAN Engineering Industries Limited (a wholly owned subsidiary) amounting to 6.05 crores (March 31, 2021: ₹0.05 crores), accounted as per requirements of Ind AS 27, Separate Financial Statements, at cost. Apart from above, the Company has granted loans to Rico Jinfei Wheels Limited whose balance as at March 31, 2022: ₹27.35 crores (previous year: ₹37.71 crores) including interest accrued thereon. In accordance with Ind AS 36 "Impairment of Assets", such investment is considered as a separate cash generating unit (CGU) for the purpose of impairment review. Management periodically assesses whether there is an indication that such investment may be impaired. For investment, where impairment indicators exists, management compares the carrying amount of such investment with its recoverable amount. Recoverable amount is value in use of the investment computed based upon discounted cash flow projections

During the year, for long term interests in the subsidiary, the Company has considered it appropriate to undertake the impairment assessment based on certain indicators, with reference to the latest business plan. Based on management's impairment assessment, recoverable amount is higher than the carrying amount of long-term interests and hence, no impairment is recognized.

### For Rico Jinfei Wheels Limited:

#### Key assumptions used by management are:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate (post tax)	15.24%	14.68%
Terminal growth rate	3.00%	3.50%

#### Changes in Value in Use keeping other variables constant:

Particulars	As at March 31, 2022	As at March 31, 2021
Increase in discount rate by 1%	57.70	57.09
Increase in terminal growth rate by 0.5%	83.32	79.89

### For AAN Engineering Limited:

#### Key assumptions used by management are:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate (post tax)	18.15%	15.55%
Terminal growth rate	3.00%	3.00%

#### Changes in Value in Use keeping other variables constant:

Particulars	As at March 31, 2022	As at March 31, 2021
Increase in discount rate by 1%	1290.19	790.52
Increase in terminal growth rate by 0.5%	2192.98	1331.87

## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

### 54. Additional regulatory information not disclosed elsewhere in the financial information

- a. The Company does not have any charge which is yet to be registered with ROC beyond the statutory period.
- b. The Company has not traded or invested in crypto currency or virtual currency during the current and previous financial year.
- c. No transaction to report against borrowed funds:
  - i. Willful defaulter
  - ii. Utilizations of borrowed funds
  - iii. Borrowings obtained on the basis of security of current assets
  - iv. Discrepancy in utilization of borrowings
- d. The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the financial year.
- e. The Company has not advanced or provided loan to or invested funds in any entities including foreign entities (Intermediaries) or to any other persons, with the understanding that the intermediary shall:
  - i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - ii. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- f. The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (ultimate beneficiaries) or
  - ii. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- g. The Company has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

### 54a. Financial ratios

Ratio	Measurement unit	Numerator	Denominator	As at	As at	Change	Remarks
				31 March 2022	31 March 2021		
				Ratio	Ratio		
Current ratio	Times	Current assets	Current liabilities	0.81	0.94	-14%	NA
Debt-equity ratio	Times	Total debt [Non-current borrowings + Current borrowings]	Total equity	0.91	0.87	4%	NA
Debt service coverage ratio	Times	Earnings available for debt service [Profit/(loss) after tax + Depreciation and amortisation + impairment + finance cost + loss on sale of property, plant and equipment]	Debt service (Interest and lease payments + principal repayments)	1.04	0.75	40%	Ratio has improved due to better business performance during the year
Return on equity ratio	Percentage	Net profit after tax	Average shareholder's equity [(opening shareholder's equity + closing shareholder's equity) / 2]	3.87%	-0.99%	491%	Ratio has improved due to better business performance during the year



## Summary of significant accounting policies and other explanatory information for the year ended March 31, 2022 (Contd.)

Ratio	Measurement unit	Numerator	Denominator	As at	As at	Change	Remarks
				31 March 2022	31 March 2021		
				Ratio	Ratio		
Inventory turnover ratio	Times	Costs of materials consumed + Purchases of stock-in-trade	Average inventories [(opening inventories + closing inventories) / 2]	5.38	5.30	2%	NA
Trade receivables turnover ratio	Times	Revenue from operations	Average trade receivables [(opening trade receivables + closing trade receivables) / 2]	4.60	4.34	6%	NA
Trade payables turnover ratio	Times	Purchases + other expenses (excluding non cash expenses)	Average trade payables [(opening trade payables + closing trade payables) / 2]	3.68	4.18	-12%	NA
Net capital turnover ratio	Times	Revenue from operations	Working capital [Current assets - Current liabilities]	-10.74	-34.56	-69%	Ratio has worsened due to increased current liabilities of the Company
Net profit ratio	Percentage	Net profit after tax	Revenue from operations	1.43%	-0.45%	416%	Ratio has improved due to better business performance during the year
Return on capital employed	Percentage	Earnings before interest and taxes (excluding interest on lease liabilities)	Net worth + Total debt - Deferred tax asset	6.55%	2.90%	126%	Ratio has improved due to better business performance during the year
Return on investment	Percentage	Interest and dividend income	Loan, investments & bank deposit	3.50%	8.42%	-58%	NA

55. The amounts of previous reported period have been regrouped/reclassified pursuant to changes notified in Schedule– III, during the year ended 31 March 2022 and wherever considered necessary in order to comply with financial reporting requirements.

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

**Arun Tandon**  
Partner  
Membership No. : 517273

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

**Arvind Kapur**  
Chairman, CEO &  
Managing Director

**Rakesh Kumar Sharma**  
Chief Financial Officer

**B.M Jhamb**  
Company Secretary

Place : Gurugram  
Date : May 30, 2022

Place : Gurugram  
Date : May 30, 2022

# ANNEXURE TO DIRECTORS' REPORT

## FINANCIAL STATEMENT OF SUBSIDIARIES/JOINT VENTURE

### FORM AOC – 1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]  
Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

### Part "A": Subsidiaries

(₹ in Crores)

Name of the Subsidiary	Rico Investments Limited	AAN Engineering Industries Limited	Rico Auto Industries Inc. USA	Rico Auto Industries (U.K.) Limited	Rico Aluminium and Ferrous Auto Components Limited	Rico Jinfei Wheels Limited	Rasa Autocom Limited	Rico Fluidtronics Limited	Rico Friction Technologies Limited
Sl. No.	1	2	3	4	5	6	7	8	9
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022	01.04.2021 to 31.03.2022
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 75.75)	GBP (Exchang Rate 99.31)	INR	INR	INR	INR	INR
Share Capital	118.70	6.05	0.12	0.16	46.05	47.50	41.00	42.24	0.01
Reserves & Surplus	6.44	(6.16)	33.62	6.61	(28.14)	(40.39)	(10.87)	7.64	1.21
Total Assets	126.21	4.95	76.12	2.88	86.23	131.43	31.39	74.00	3.01
Total Liabilities	1.07	5.05	42.39	(3.89)	68.32	124.32	1.27	24.12	0.72
Investments	73.51	–	–	–	–	–	8.48	9.51	–
Turnover (Net of Excise)	4.34	11.65	168.89	5.20	188.06	221.07	3.73	68.01	3.01
Profit before taxation	3.63	(0.60)	1.84	(0.34)	(11.13)	2.05	2.77	8.07	0.71
Provision for taxation	0.94	(0.01)	0.61	(0.11)	(1.00)	–	0.72	2.14	0.02
Profit after taxation	2.69	(0.59)	1.23	(0.22)	(10.14)	2.05	2.05	5.92	0.69
Interim Dividend Paid	2.38	–	–	–	–	–	–	–	–
Proposed Dividend	–	–	–	–	–	–	–	4.22	–
% of shareholding	100.00	100.00	100.00	100.00	100.00	74.79	100.00	50.95	70.00

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: N.A.

**Part “B”: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	Rico Care Foundation (Section 8 Company)	Roop Ram Industries Private Limited
1. Latest audited Balance Sheet Date	31.03.2022	31.03.2022
2. Shares of Associates held by the Company on the year end: i) No. of Shares ii) Amount of Investment in Associates	10,000 ₹1,00,000/-	2434640 ₹2,43,46,400/-
3. Description of how there is significant influence	Holding 20% shareholding	Holding 26% shareholding
4. Reason why the associates is not consolidated	<p>Since Rico Care Foundation has to apply its income in the promotion of its objects and can not distribute to its members. Therefore, Rico Auto Group would not be having any exposure for right to variable return from its involvement with its Investee.</p> <p>Thus, Rico Auto Group does not meet the criteria specified under para 7 of the IND AS-7 and accordingly, Rico Auto Group does not require to consolidate accounts of Rico Care.</p>	<p>Based on the terms of the Shareholders Agreement with Roop Ram Industries Private Limited (Roop Ram), the Company does not have any right to the Profit or Loss of Roop Ram and at the end of the term of the Power Purchase Agreement (“PPA”), the Company will receive back the investment made by it.</p> <p>Accordingly, the Company has not recognised investee’s Profit or Loss in the Company’s consolidated Profit or Loss.</p>
5. Net worth attributable to shareholding as per latest audited Balance Sheet	₹ NIL	₹ NIL
6. Profit/Loss for the year: i) Considered in Consolidation ii) Not Considered in Consolidation	No Yes	No Yes

Notes: 1. Name of Associates or Joint Ventures which are yet to commence operations: N.A.

2. Name 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

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**B.M Jhamb**  
Company Secretary

Place : Gurugram  
Date : May 30, 2022

# CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2021-22

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Rico Auto Industries Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

- We have audited the accompanying consolidated financial statements of RICO Auto Industries Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associate the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matter

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of the recoverability of carrying amount of net assets of a subsidiary company:</b></p> <p>As at 31 March 2022, the Group carries net assets amounting to ₹73.86 crores in respect of subsidiary company, Rico Jinfei Wheels Limited (hereinafter referred to as "Subsidiary"), as disclosed in Note 55 to the accompanying consolidated financial statements. The subsidiary has earned low operating profit during the current and previous years.</p> <p>Since, the recoverability of the aforesaid amount is largely dependent on the operational performance of aforesaid subsidiary, therefore, there is a risk that the subsidiary may not achieve the anticipated business performance, leading to an impairment charge that has not been recognized by the management.</p> <p>Management has assessed the recoverability of the aforesaid amounts by carrying out a valuation of the subsidiary's business using the discounted cashflow method ("the Model"). The Model involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity, which is more complex in the current year due to the required assessment of impact of COVID -19 on the aforesaid assumptions.</p>	<p>Our audit included, but were not limited to, the following procedures:</p> <ol style="list-style-type: none"> <li>Obtained an understanding from the management with respect to process and controls implemented by the Company to determine recoverability of the amounts receivable from its subsidiary companies;</li> <li>Obtained the valuation model from the management and reviewed their conclusions, including reading the report provided by an independent valuation expert engaged by the management;</li> <li>Assessed the professional competence, objectivity and capabilities of the third-party expert engaged by the management for performing the required valuations to estimate the recoverable value of the amounts receivable from the subsidiary;</li> <li>Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</li> </ol>

Key audit matter	How our audit addressed the key audit matter
Considering the materiality of the above matter to the consolidated financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.	<p>e) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied by engaging auditor's valuation specialists. Tested the discount rate and terminal growth rates used in the forecast including comparison to economic and industry forecasts, considering the impact of COVID -19, where appropriate;</p> <p>f) Evaluated sensitivity analysis performed by the management and further performed independent sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</p> <p>g) Evaluated the appropriateness and adequacy of disclosures made in the consolidated financial statements in accordance with the applicable accounting standards.</p> <p>Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the consolidated financial statements taken as a whole.</p>

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associate are

responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and associate 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or associate or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate

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

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

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern; and
    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
  12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Other Matter**
15. We did not audit the financial statements of 5 subsidiaries, whose financial statements reflects total assets of ₹221.41 crores, total revenues of ₹212.29 crores, total net loss after tax of ₹7.87 crores, total comprehensive income of ₹(7.95 crores) and net cash flows (net) amounting to ₹2.57 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose 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 associate, 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 associates, are based solely on the reports of the other auditors.
- Further, of these subsidiaries and associate, 1 subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiary located outside India, is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.
- Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.
- Report on Other Legal and Regulatory Requirements**
16. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries and associate, we report that the Holding Company, 4 subsidiary companies and 1 associate company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective



directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 16 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
18. 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 associate incorporated in India whose financial statements have been audited under the Act, 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 read with the Companies (Indian Accounting Standards) Rules, 2015;
  - e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary Companies and its associate and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies and its associate covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies and associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in Annexure I' wherein we have expressed an unmodified opinion;
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries and associate incorporated in India whose financial statements have been audited under the Act:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate as detailed in Note 37 to the consolidated financial statements;
    - ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 34C to the consolidated financial statements;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate company during the year ended 31 March 2022;
    - iv.
      - a. The respective managements of the Holding Company, its subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies or its associate company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies and its associate company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
      - b. The respective managements of the Holding Company, its subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, or its associate company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies or its associate company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
      - c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries and associate, as

considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. The final dividend paid by the Holding Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend and the interim dividend declared and paid by the Holding Company during the year ended 31 March 2022 is in compliance with section 123 of the Act.

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

**Arun Tandon**  
Partner

Place: Gurugram  
Date : May 30, 2022

Membership No.: 517273  
UDIN No.: 21517273AAAADA3251

## Annexure 1

### List of entities included in the Statement

S.No	Name of the Holding Company
1	Rico Auto Industries Limited
	<b>Name of the subsidiaries</b>
1	Rico Auto Industries Inc. (USA)
2	Rico Fluidtronics Limited
3	Rico Auto Industries (UK) Limited
4	AAN Engineering Industries Limited
5	Rico Investments Limited (wholly owned subsidiary w.e.f. 7 July 2021)
6	Rico Friction Technologies Limited (formerly known as Metalart Friction Private Limited)
7	Rico Aluminium and Ferrous Auto Components Limited
8	Rasa Autocom Limited
9	Rico Jinfei Wheels Limited
	<b>Name of Associate</b>
1	Roop Ram Industries Private Limited (w.e.f. 11 August 2021) (Share of loss / profit not required to be considered)

## Annexure A

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

1. In conjunction with our audit of the consolidated financial statements of Rico Auto Industries Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies which are companies covered under the Act, as at that date.

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

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

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

### Meaning of Internal Financial Controls with Reference to Financial Statements

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

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

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

#### **Opinion**

8. In our opinion, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

UDIN No.: 21517273AAAADA3251

Place: Gurugram

Date : May 30, 2022

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022**

(₹ in Crores)

	Notes	As at March 31, 2022	As at March 31, 2021
<b>I. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	5	808.39	715.81
(b) Capital work-in-progress	5	83.67	60.52
(c) Investment property	5	13.90	14.18
(d) Intangible assets	5	2.99	3.47
(e) Intangible under development	5	4.65	2.24
(f) Investment accounted for using the equity method	6	2.43	-
(g) Financial assets			
(i) Investments	7	0.05	-
(ii) Loans	8	42.24	54.12
(iii) Other financial assets	9	14.54	16.19
(h) Deferred tax assets	32	14.27	10.68
(i) Non-current tax assets		2.92	5.58
(j) Other non-current assets	10	39.50	26.60
<b>Total non-current assets</b>		<b>1,029.55</b>	<b>909.39</b>
<b>2. CURRENT ASSETS</b>			
(a) Inventories	11	289.78	264.37
(b) Financial assets			
(i) Trade receivables	12	360.41	352.25
(ii) Cash and cash equivalents	13	7.59	13.86
(iii) Bank balances other than (ii) above	14	18.70	7.34
(iv) Loans	8	1.24	1.56
(v) Other financial assets	9	43.56	43.63
(c) Other current assets	10	44.12	51.21
<b>Total current assets</b>		<b>765.40</b>	<b>734.22</b>
<b>Total assets</b>		<b>1,794.95</b>	<b>1,643.61</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. EQUITY</b>			
(a) Equity share capital	15	13.53	13.53
(b) Other equity	16	620.09	592.30
		<b>633.62</b>	<b>605.83</b>
(c) Non-controlling interests		0.36	3.08
<b>Total equity</b>		<b>633.98</b>	<b>608.91</b>
<b>2. NON-CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	17	176.07	241.09
(ii) Lease liabilities	50	24.37	10.83
(b) Provisions	18	19.87	26.65
(c) Deferred tax liabilities (net)	32	16.72	7.22
(d) Other non-current liabilities	19	1.33	2.07
<b>Total non-current liabilities</b>		<b>238.36</b>	<b>287.86</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	17	391.83	300.51
(ii) Lease Liabilities	50	6.87	1.53
(iii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	20	13.28	19.63
b) Total outstanding dues of creditors other than micro and small enterprises	20	431.90	342.59
(iv) Other financial liabilities	21	41.77	51.65
(b) Provisions	18	0.84	0.57
(c) Current tax liabilities (net)	22	3.46	0.63
(d) Other current liabilities	19	32.66	29.73
<b>Total current liabilities</b>		<b>922.61</b>	<b>746.84</b>
<b>Total equity and liabilities</b>		<b>1,794.95</b>	<b>1,643.61</b>
Summary of significant accounting policies and other explanatory information		1 to 57	
This is the Consolidated Balance Sheet referred to in our report of even date.			

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm registration No. 001076N/N500013

**Arun Tandon**

Partner

Membership No. : 517273

Place : Gurugram

Date : May 30, 2022

For and on behalf of the Board of Directors of

**Rico Auto Industries Limited**
**Arvind Kapur**

Chairman, CEO &amp;

Managing Director

DIN: 00096308

**B.M Jhamb**

Company Secretary

**Rakesh Kumar Sharma**

Chief Financial Officer

Place : Gurugram

Date : May 30, 2022

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crores)

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
<b>INCOME</b>			
Revenue from operations	23	1,859.77	1,469.94
Other income	24	19.09	18.50
<b>Total income</b>		<b>1,878.86</b>	<b>1,488.44</b>
<b>EXPENSES</b>			
Cost of material consumed	25	1,123.37	867.95
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(62.60)	(62.17)
Other manufacturing expenses	27	223.02	185.11
Employee benefits expense	28	265.91	237.62
Finance costs	29	42.17	38.61
Depreciation and amortisation expense	5	90.58	80.08
Other expenses	30	152.28	152.80
<b>Total expenses</b>		<b>1,834.73</b>	<b>1,500.00</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>44.13</b>	<b>(11.56)</b>
Exceptional items	31	6.15	4.36
<b>Profit / (Loss) before tax</b>		<b>37.98</b>	<b>(15.92)</b>
<b>Tax expenses</b>	32		
Current tax		10.32	2.41
Deferred tax expense/ (credit)		3.89	(4.26)
<b>Total tax expense</b>		<b>14.21</b>	<b>(1.85)</b>
<b>Profit / (loss) for the year</b>		<b>23.77</b>	<b>(14.07)</b>
<b>Other comprehensive income</b>			
<b>A Items that will not be reclassified to statement of profit and loss</b>			
Remeasurements of defined benefit obligations		0.83	(1.75)
Income tax expense on Remeasurements of defined benefit obligations		(0.21)	0.53
<b>B Items that will be reclassified to profit and loss</b>			
Exchange differences on translation of foreign operations		1.11	1.29
Effective portion of loss on designated portion of hedging instruments in a cash flow hedge		4.08	6.01
Income tax expense on Exchange differences on translation of foreign operations		(0.39)	
Income tax expense on designated portion of hedging instruments in a cash flow hedge		(1.42)	(2.67)
<b>Other comprehensive income for the year</b>		<b>4.00</b>	<b>3.41</b>
<b>Total comprehensive income for the year</b>		<b>27.77</b>	<b>(10.66)</b>
<b>Net Profit / (loss) attributable to:</b>			
Owners of the Group		23.67	(14.18)
Non controlling interest		0.10	0.11
<b>Other comprehensive income attributable to:</b>			
Owners of the Group		4.01	3.41
Non controlling interest*		(0.01)	(0.00)
<b>Total comprehensive income attributable to:</b>			
Owners of the Group		27.68	(10.77)
Non controlling interest		0.09	0.11
<b>Earnings / (Loss) per share</b>			
Basic and Diluted (nominal value per share ₹1)	33	1.75	(1.05)

\* Amounts have been rounded off to zero

Summary of significant accounting policies and other explanatory information  
This is the Consolidated statement of profit and loss referred to in our report of even date.

1 to 57

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm registration No. 001076N/N500013

**Arun Tandon**

Partner

Membership No. : 517273

Place : Gurugram

Date : May 30, 2022

For and on behalf of the Board of Directors of

**Rico Auto Industries Limited****Arvind Kapur**

Chairman, CEO &amp;

Managing Director

DIN: 00096308

**B.M Jhamb**

Company Secretary

**Rakesh Kumar Sharma**

Chief Financial Officer

Place : Gurugram

Date : May 30, 2022

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022**
**A Equity share capital**

		(₹ in Crores)
	No. of shares	Amount
<b>Balance as at March 31, 2020</b>	135,285,000	13.53
Changes in equity share capital during the year	–	–
<b>Balance as at March 31, 2021</b>	135,285,000	13.53
Changes in equity share capital during the year	–	–
<b>Balance as at March 31, 2022</b>	<b>135,285,000</b>	<b>13.53</b>

**B Other equity**

	Other equity pertaining to owners of the parent company								(₹ in Crores)
	Capital reserve	Capital redemption reserve	Securities premium	Foreign currency monetary item translation difference account ("FCMITDA")	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling Interest
<b>Balance as at March 31, 2020</b>	<b>14.29</b>	<b>2.00</b>	<b>145.04</b>	<b>0.39</b>	<b>99.70</b>	<b>3.06</b>	<b>342.97</b>	<b>607.45</b>	<b>2.88</b>
Loss for the year	–	–	–	–	–	–	(14.18)	(14.18)	0.11
Adjustment on account of acquisition of subsidiary	–	–	–	–	–	–	–	–	0.09
Other comprehensive income for the year (net of taxes)	–	–	–	–	–	1.29	2.13	3.41	0.00*
Dividend on equity shares	–	–	–	–	–	–	(4.19)	(4.19)	–
Adjustment on account of acquisition of subsidiary	0.20	–	–	–	–	–	–	0.20	–
Exchange difference amortised during the year	–	–	–	(0.39)	–	–	–	(0.39)	–
<b>Balance as at March 31, 2021</b>	<b>14.49</b>	<b>2.00</b>	<b>145.04</b>	<b>–</b>	<b>99.70</b>	<b>4.35</b>	<b>326.73</b>	<b>592.30</b>	<b>3.08</b>
Profit for the year	–	–	–	–	–	–	23.67	23.67	0.10
Other comprehensive income for the year (net of taxes)	–	–	–	–	–	0.72	3.29	4.01	(0.01)
Transactions with non-controlling interests	–	–	–	–	–	–	2.81	2.81	(2.81)
Dividend on equity shares	–	–	–	–	–	–	(2.71)	(2.71)	–
<b>Balance as at March 31, 2022</b>	<b>14.49</b>	<b>2.00</b>	<b>145.04</b>	<b>–</b>	<b>99.70</b>	<b>5.07</b>	<b>353.79</b>	<b>620.09</b>	<b>0.36</b>

\* 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 Chandiok & Co LLP**

Chartered Accountants

Firm registration No. 001076N/N500013

**Arun Tandon**

Partner

Membership No. : 517273

Place : Gurugram

Date : May 30, 2022

For and on behalf of the Board of Directors of

**Rico Auto Industries Limited**
**Arvind Kapur**

Chairman, CEO &

Managing Director

DIN: 00096308

**B.M Jhamb**

Company Secretary

**Rakesh Kumar Sharma**

Chief Financial Officer

Place : Gurugram

Date : May 30, 2022



## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crores)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. Cash flow from operating activities</b>		
Net profit before tax	37.98	(15.92)
Adjustments for:		
Depreciation and amortisation expense	90.58	80.08
Loss allowance	0.06	0.13
Profit on sale of property, plant and equipment	(0.54)	(1.53)
Finance costs	42.17	38.61
Unrealised exchange (gain)/loss, net	(1.45)	3.63
Amortisation of government grant	—	(1.23)
Interest income	(7.37)	(8.46)
<b>Operating profit before working capital changes</b>	<b>161.43</b>	<b>95.31</b>
Changes in working capital:		
trade receivables	(6.77)	(89.77)
other financial assets	3.00	(4.36)
inventories	(25.41)	(79.35)
other assets	4.85	(0.62)
trade payables	82.96	108.84
other financial liabilities	(2.62)	1.32
other liabilities and provisions	1.66	(3.52)
<b>Cash generated from operations</b>	<b>219.10</b>	<b>27.85</b>
Less: Direct taxes paid (net of refunds)	(2.81)	(5.17)
<b>Net cash generated from operating activities</b>	<b>A 216.29</b>	<b>22.68</b>
<b>B. Cash flow from investing activities</b>		
Payments for purchase of property, plant and equipment (including capital advances)	(203.88)	(124.07)
Proceeds from sale of property, plant and equipment	4.04	6.37
Purchase of investments	(2.43)	(0.01)
Gain on acquisition of controlling interest	—	0.20
Acquisition of non-controlling interests	(3.50)	—
Loan repayments from related party	12.20	5.07
Investment in bank deposits	(11.36)	—
Interest received	6.09	10.63
<b>Net cash used in investing activities</b>	<b>B (198.84)</b>	<b>(101.81)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	36.39	128.21
Payment for lease liabilities – principal and interest	(5.70)	(1.39)
Repayment of non-current borrowings	(82.16)	(47.50)
Proceeds from current borrowings (net)	72.09	43.06
Dividend paid	(2.71)	(4.19)
Interest paid	(42.35)	(38.38)
<b>Net cash (used in)/generated from financing activities</b>	<b>C (24.44)</b>	<b>79.81</b>
<b>Net increase in cash and cash equivalents</b>	<b>A+B+C (6.99)</b>	<b>0.68</b>
<b>Effect of foreign currency fluctuation arising out of consolidation</b>	<b>0.72</b>	<b>1.29</b>
Cash and cash equivalents acquired on acquisition of subsidiary	—	0.07
<b>Cash and cash equivalents at the beginning of the year</b>	<b>13.86</b>	<b>11.83</b>
<b>Cash and cash equivalents at the close of the year (refer note 13)</b>	<b>7.59</b>	<b>13.86</b>

The Consolidated Statement of Cash Flow has been prepared in accordance with 'Indirect method' as set out in the Ind AS – 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder.

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

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

**Arun Tandon**  
Partner  
Membership No. : 517273

Place : Gurugram  
Date : May 30, 2022

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

**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**Rakesh Kumar Sharma**  
Chief Financial Officer

**B.M Jhamb**  
Company Secretary

Place : Gurugram  
Date : May 30, 2022

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022

## 1. CORPORATE INFORMATION

Rico Auto Industries Limited ("the Company") registered office is situated at 38 KM Stone, Delhi – Jaipur Highway, Gurugram – 122001 (Haryana), the ultimate holding company with its Subsidiaries (together referred to as the "Group") and its associate 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 Group is in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

## 2. RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022, as below:

### Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

## 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of preparation and presentation

#### i) Compliance with Ind AS

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

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

#### ii) Functional and presentation currency

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

#### iii) Going concern and basis of measurement

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

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

### 3.2 Basis of consolidation

#### ● Subsidiary

Subsidiary is the entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary companies 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 subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

#### ● Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 3.3 Significant accounting policies

#### i) Revenue recognition

##### *Sale of goods*

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

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

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

##### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the 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 Consolidated Statement of Profit and Loss.

##### *Contract assets*

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

##### *Contract liabilities*

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

#### ii) Leases

##### **Group as a lessee**

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

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

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

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

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

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

### Group as lessor

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

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

### iii) Government grants, subsidies and export incentives

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

Government grants related to the income are deferred and recognised in the consolidated 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 consolidated statement of 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 consolidated Statement of Profit and Loss when the right to receive benefit is established in respect of the exports made and the realisation is reasonably certain.

### iv) Property, plant and equipment

Freehold land is stated at cost and all other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of property, plant and equipment is allocated/capitalised with the related property, plant and equipment. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the 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 the Consolidated 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 the consolidated statement of profit and loss.

### v) Intangible assets

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

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

Intangibles under progress represents intangible assets under construction and is carried at cost.

### 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.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

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

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

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

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

\* Includes right of use asset having life of 99 years.

\*\* Includes right of use asset having life of 5 years.

\*\*\* Includes right of use asset having life of 9 years.

### vi) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

### viii) 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.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### *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 Group changes its business model for managing financial assets.

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

- the asset is held within a business model whose objective is 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.

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

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

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

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

### *De-recognition of financial assets*

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

**Investments in equity instruments of subsidiaries, associates and joint ventures** – Investments in equity instruments of subsidiaries, associates and joint ventures are accounted for at cost in accordance with Ind AS 27 Separate Consolidated 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 consolidated Statement of Profit and Loss.

#### **Offsetting of financial instruments**

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

#### **Impairment of financial assets**

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



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### ix) Derivative financial instruments

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

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

#### Hedge accounting

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

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

#### Cash flow hedges

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

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

### x) Inventories

Inventories are valued as follows:

#### Raw materials, stores and spares

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

#### Work in progress

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

#### Finished goods

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

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

### xi) Business Combination

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

Common control: A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities under common control are

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised through shareholders' equity.

**Optional concentration test:** An optional test ('the concentration test') that allows the acquirer to carry out a simple assessment to determine whether the acquired set of activities and assets is not a business. The entity can choose whether or not to apply the concentration test for each transaction it makes. If the test is successful, then the acquired set of activities and assets is not a business and no further assessment is required. If the test is not met or the entity does not carry out the test, then the entity needs to assess whether or not the acquired set of assets and activities meets the definition of a business in the normal way.

The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

### xii) Employee benefits

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the 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 consolidated balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the consolidated 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 consolidated balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in Other Comprehensive Income in the year in which such gains or losses arise.

#### c. Compensated absences

The Group also provides benefit of compensated absences to its employees which are in the nature of long-term benefit plan. The compensated absences comprise of vesting as well as non-vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the consolidated 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 consolidated 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 India First Life Insurance Company Limited.

### xiii) Research and development expenses

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the 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 consolidated 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.

### xiv) 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.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

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

### xv) Foreign currency transactions

#### *Initial recognition*

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

#### *Subsequent recognition*

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

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

#### *Exchange differences*

Exchange differences arising on settlement or translation of monetary items are recognised in the consolidated 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 consolidated 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.

### xvi) Taxes

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

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

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

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

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

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

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

### xvii) Provisions and contingencies

The 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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

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

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

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

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- estimation on future sales, discount rates and terminal growth rates for determining impairment of investment in/ loan advanced to subsidiary companies;
- provision and contingent liabilities;
- carrying values of inventories;
- carrying values of hedging instruments;
- lease classification, lease term and discount rates; and
- impairment assessment of financial and non-financial assets

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 5 PROPERTY PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS, INVESTMENT PROPERTY, INTANGIBLE ASSETS AND INTANGIBLE UNDER DEVELOPMENT

#### A Property plant and equipment

Particulars	Gross carrying values				Accumulated Depreciation				Net carrying values	
	As at April 01, 2021	Additions	Disposals	Transfer to investment property#	As at March 31, 2022	Charge for the year	Adjustment upon disposals	Transfer to investment property#	As at March 31, 2022	As at March 31, 2021
Land*	53.95	0.75	-	-	54.70	0.20	-	-	53.37	52.82
Buildings*	161.76	11.85	-	-	173.61	6.03	-	-	143.98	138.16
Furniture and fixtures	4.07	0.01	-	-	4.08	0.48	-	-	1.56	2.03
Plant and equipment*	697.34	135.24	17.82	-	814.76	67.06	13.54	-	546.04	482.14
Dies and moulds	63.12	36.99	-	-	100.11	13.17	-	-	57.28	33.46
Vehicles	15.01	0.78	2.64	-	13.15	1.54	2.34	-	3.88	4.94
Office equipment	7.43	0.47	-	-	7.90	0.45	-	-	2.28	2.26
Total	1,002.68	186.09	20.46	-	1,168.31	88.93	15.88	-	808.39	715.81

Particulars	Gross carrying values				Accumulated Depreciation				Net carrying values		
	As at April 01, 2020	Additions	Disposals	Transfer to investment property#	As at March 31, 2021	As at April 01, 2020	Charge	Disposals	Transfer to investment property#	As at March 31, 2021	As at March 31, 2020
Land*	58.61	2.16	-	6.82	53.95	0.91	0.22	-	-	52.82	57.70
Buildings*	166.57	3.67	-	8.48	161.76	17.76	6.96	-	1.12	138.16	148.81
Furniture and fixtures	3.95	0.12	0.00	-	4.07	1.41	0.63	-	-	2.03	2.54
Plant and equipment*	592.39	109.91	4.96	-	697.34	159.72	55.84	0.36	-	482.14	432.67
Dies and moulds	55.16	9.56	1.60	-	63.12	19.22	12.04	1.60	-	33.46	35.94
Vehicles	15.36	0.62	0.97	-	15.01	8.89	1.91	0.73	-	4.94	6.47
Office equipment	6.75	0.73	0.05	-	7.43	3.85	1.37	0.05	-	2.26	2.90
Total	898.79	126.77	7.58	15.30	1,002.68	211.76	78.97	2.74	1.12	286.87	687.03

\*Refer note 50 for lease details

# During the year ended 31st March 2021, the group has leased out its land and building for the purpose of earning rental incomes. Therefore, as at reporting date, the Group earns rental income from land and building, hence as per Ind AS 40 – "Investment Property", land and building has been classified as investment property.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### B Capital work-in-progress

Particulars	As at March 31, 2022	As at March 31, 2021
As at the beginning of the year	60.52	63.35
Additions	66.28	40.33
Transfers to property, plant and equipment	(43.13)	(43.16)
As at the end of the year	83.67	60.52

#### i. The capital work-in-progress ageing schedule as at March 31, 2022 and March 31, 2021 is as follows :

As at 31 March 2022				
CWIP	Less than 1 Year	1-2 years	2-3 years	More than 3 years
Projects in progress	80.23	3.19	0.25	—
As at 31 March 2021				
CWIP	Less than 1 Year	1-2 years	2-3 years	More than 3 years
Projects in progress	53.65	4.83	2.04	—

There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### C Investment property

The notes set out the disclosure relating to investment property as per the requirement of Ind AS 40 - "Investment Property"

Particulars	Gross carrying values				Net carrying values					
	As at April 01, 2021	Additions	Disposals	Transfer to investment property#	As at March 31, 2022	Charge for the year	Adjustment upon disposals	Transfer to investment property#	As at March 31, 2022	As at March 31, 2021
Land	6.82	-	-	-	6.82	-	-	-	6.82	6.82
Buildings	8.48	0.01	-	-	8.49	0.29	-	-	7.08	7.36
Total	15.30	0.01	-	-	15.31	0.29	-	-	13.90	14.18

(₹ in Crores)

Particulars	Gross carrying values					Net carrying values					
	As at April 01, 2020	Additions	Disposals	Transfer to investment property#	As at March 31, 2021	As at April 01, 2020	Charge for the year	Disposals	Transfer to investment property#	As at March 31, 2021	As at March 31, 2020
Land	—	—	—	6.82	6.82	—	—	—	—	6.82	—
Buildings	—	—	—	8.48	8.48	—	1.12	—	—	7.36	—
Total	—	—	—	15.30	15.30	—	1.12	—	—	14.18	—

i. Amount recognised in consolidated statement of profit and loss for investment property

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rental income from Investment property	1.22	0.86
Direct operating expenses	0.06	0.08
Finance cost*	0.25	0.10
Profit from investment property before depreciation	0.91	0.68
Depreciation during the year	0.29	0.28
<b>Profit from investment property</b>	<b>0.62</b>	<b>0.40</b>

\* Finance cost is the interest charged on payable to HSIIDC on account of land enhancement cost

ii. Fair Value

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Investment property	21.49	22.03

As at March 31, 2022 and March 31, 2021, the fair values of the investment properties are ₹ 21.49 crores and ₹ 22.03 crores respectively in total from land and building. Fair valuations are based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### iii Estimation of Fair Value

Fair value of Investment property is based on market approach. While applying the market approach, consideration has been given to circle rates issued by relevant regulatory authorities. With respect to the investment property at the beginning of current year, there is no change in circle rate from previous year.

### iv. Description of valuation techniques used and key inputs for valuation on investment properties:

Particulars	Valuation technique
"Land and building situated on Plot No 22, Sector 05, HSIIDC Phase-II, Bawal, Haryana ₹ 7,300 per sq. mt. after considering the location, shape & size and local enquiries, the market rate has been considered. Land area – 20,475 Sq. mt. Land value – ₹ : 14.95 crores Building value– ₹ : 6.54 crores"	Market value

### D Intangible assets

Particulars	Gross carrying values		Accumulated amortisation		Net carrying values	
	As at April 01, 2021	As at March 31, 2022	As at April 01, 2021	Charge for the year	As at March 31, 2022	As at March 31, 2021
Customer relations	1.50	0.88	–	0.71	0.98	0.81
Product development	3.25	–	–	0.65	1.95	2.60
Software	0.46	–	–	–	0.06	0.06
<b>Total Intangible assets</b>	<b>5.21</b>	<b>0.88</b>	<b>–</b>	<b>1.36</b>	<b>2.99</b>	<b>3.47</b>

Particulars	Gross carrying values		Accumulated amortisation		Net carrying values	
	As at April 01, 2020	As at March 31, 2021	As at April 01, 2020	Charge for the year	As at March 31, 2021	As at March 31, 2020
Customer relations	1.50	–	0.33	0.36	0.81	1.17
Product development	3.25	–	0.00*	0.65	2.60	3.25
Software	0.46	–	0.40	–	0.06	0.06
<b>Total Intangible assets</b>	<b>5.21</b>	<b>–</b>	<b>0.73</b>	<b>1.01</b>	<b>3.47</b>	<b>4.48</b>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### E Intangible assets under development

Particulars	As at March 31, 2022	As at March 31, 2021
As at the beginning of the year	2.24	–
Additions	2.41	2.24
Transfers to property, plant and equipment	–	–
As at the end of the year	4.65	2.24

\*Amounts have been rounded off to zero.

### i The intangible assets under development ageing schedule as at March 31, 2022 and March 31, 2021 is as follows :

As at 31 March 2022				
Intangible assets under development	Less than 1 Year	1–2 years	2–3 years	More than 3 years
Projects in progress	2.41	2.24	–	–
As at 31 March 2021				
Intangible assets under development	Less than 1 Year	1–2 yearsw	2–3 years	More than 3 years
Projects in progress	2.24	–	–	–

There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue

F Borrowing costs capitalized/transferred to capital work in progress during the year amounts to ₹ 1.60 crores (previous year ₹ 0.43 crores) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year, in this case 9.25% (previous year 9.57%)

G (i) For details regarding charge on property, plant and equipment – refer note 17  
(ii) For details regarding contractual commitments for the acquisition of property, plant and equipment – refer note 39  
(iii) The Group has not revalued its property, plant and equipment during the year.  
(iv) The Group does not have any benami property and no proceedings have been initiated or pending against the Group for holding any benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder (v) A II  
title deeds of immovable properties are held in the name of Group.

**Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)**

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>6 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD</b>		
<b>Non-current</b>		
Investment at unquoted equity instruments (refer note 42)		
Roop Ram Industries Private Limited	2.43	—
2,434,640 equity Shares of ₹10/- each		
	<u>2.43</u>	<u>—</u>
During the year, the Holding Company has invested ₹2.43 crores by way of purchase of 2,434,640 fully paid equity shares of ₹10/- each of Roop Ram Industries Private Limited ("Roop Ram") constituting 26% of the paid-up equity share capital of the said company on 11 August 2021. Also, the Company had entered the Power Purchase Agreement ('PPA') with Roop Ram to procure their output of solar power on subsidized rates. As per the agreements entered, in the event of termination of the contracts or completion of the contract term, the Company will receive the investment made by it without any share of profit/loss in associate. As the Company has significant influence in Roop Ram, such investment amount has been accounted as Investment in Associate as per Ind AS 28 "Investment in associates and joint ventures" and carried at cost.		
<b>7 INVESTMENTS</b>		
<b>Non-current</b>		
Investments in equity instruments (at cost, fully paid up) – unquoted		
Rico Care Foundation	0.05	—
50,000 equity shares of ₹10/- each investment made during the year		
	<u>0.05</u>	<u>—</u>
Aggregate amount of unquoted investment	0.05	—
<b>8 LOANS</b>		
<b>Non-current</b>		
(Unsecured, considered good)		
Loan to related parties (refer note 42 and 43)	58.79	68.30
Less: Current maturities of loan to related parties (refer note 9)	<u>(16.55)</u>	<u>(14.18)</u>
	<u>42.24</u>	<u>54.12</u>
<b>Current</b>		
(Unsecured, considered good)		
Loans to employees	1.24	1.56
	<u>1.24</u>	<u>1.56</u>
<b>9 OTHER FINANCIAL ASSETS</b>		
<b>Non-current</b>		
(Unsecured, considered good)		
<b>Finance assets carried at amortized cost</b>		
Bank deposits with maturity of more than 12 months	—	3.00
Security deposits	14.54	13.19
	<u>14.54</u>	<u>16.19</u>
<b>Current</b>		
(Unsecured, considered good)		
<b>Finance assets carried at amortized cost</b>		
Current portion of loan to related parties (refer note 43)	16.55	14.18
Security deposits	4.90	4.90
Interest receivable	3.71	2.43
Insurance claim receivable	0.35	0.67
Unbilled revenue	8.11	5.14
Export incentive receivable	6.12	8.44
Derivative asset measured at fair value (refer note 36)	0.58	0.63
Employee benefits recoverable from fund	0.00	0.57
Recoverable from electricity board on account of excess payment	1.06	3.07
Others	2.18	3.60
	<u>43.56</u>	<u>43.63</u>
<b>10 OTHER ASSETS</b>		
<b>Non-current</b>		
Capital advances	21.11	10.45
Contract costs (refer note 49)	14.61	15.04
Balance with government authorities	—	0.17

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	0.78	0.94
Others	3.00	—
	<b>39.50</b>	<b>26.60</b>
<b>Current</b>		
Advance to suppliers	22.31	15.05
Income tax receivable	0.62	2.29
Prepaid expenses	6.77	4.25
Contract costs (refer note 49)	4.69	4.27
Balance with government authorities	6.51	22.16
Others	3.22	3.19
	<b>44.12</b>	<b>51.21</b>
<b>11 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)</b>		
Raw materials	49.38	74.13
Goods-in-transit (finished goods)	33.81	4.03
Work-in-progress	24.74	20.40
Finished goods	129.70	101.22
Stores and spares	52.15	64.59
	<b>289.78</b>	<b>264.37</b>
<b>12 TRADE RECEIVABLES</b>		
Unsecured, considered good	360.41	352.25
Unsecured, credit impaired	0.13	0.23
	<b>360.54</b>	<b>352.48</b>
Less : loss allowance	(0.13)	(0.23)
	<b>360.41</b>	<b>352.25</b>

### Trade receivables ageing schedule:—

Particulars	Undisputed trade receivables – considered good	Undisputed trade receivables – which have significant increase in credit risk	Undisputed trade receivables – credit impaired
<b>As at March 31, 2022</b>			
Unbilled	—	—	—
Not due	245.25	—	—
Less than 6 months	105.28	—	—
6 months –1 year	9.86	—	—
1–2 years	0.02	—	—
2–3 years	—	0.02	0.02
More than 3 years	—	0.11	0.11
<b>Total</b>	<b>360.41</b>	<b>0.13</b>	<b>0.13</b>
<b>As at March 31, 2021</b>			
Unbilled	4.67	—	—
Not due	246.13	—	—
Less than 6 months	74.68	—	—
6 months –1 year	26.77	—	—
1–2 years	—	0.07	0.07
2–3 years	—	0.05	0.05
More than 3 years	—	0.11	0.11
<b>Total</b>	<b>352.25</b>	<b>0.23</b>	<b>0.23</b>

Note:

There are no disputed amount receivables from the customers.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>13 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.49	0.35
Balances with banks	7.10	13.51
On current accounts	7.59	13.86
<b>14 OTHER BANK BALANCES</b>		
Unpaid dividend accounts*	1.36	1.38
Bank deposits with original maturity of more than 3 months and less than 12 months**	17.34	5.96
	18.70	7.34

\*These balances are not available for use by the Group and corresponding balance is disclosed as unclaimed dividends.

\*\*Pledged with bank for issuing letter of credit.

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>15 EQUITY SHARE CAPITAL</b>		
<b>a) Authorised</b>		
490,000,000 equity shares of ₹ 1/- each	49.00	49.00
(March 31, 2021: 490,000,000 equity shares of ₹ 1/- each)		
5,000,000 redeemable preference shares of ₹10/- each	5.00	5.00
(March 31, 2021: 5,000,000 redeemable preference shares of ₹10/- each)	54.00	54.00
<b>b) Issued, subscribed and paid-up</b>		
135,285,000 equity shares of ₹ 1/- each fully paid up	13.53	13.53
(March 31, 2021: 135,285,000 equity shares of ₹1/- each)	13.53	13.53
<b>c) Reconciliation of number of equity shares outstanding</b>		

	Year ended March 31, 2022		Year ended March 31, 2021	
	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	—	—	—	—
<b>Outstanding at the end of the year</b>	<b>13.53</b>	<b>135,285,000</b>	<b>13.53</b>	<b>135,285,000</b>

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

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

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

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	% of holding	No of shares	% of holding	No of shares
ASN Manufacturing and Services Private Limited	15.40	20,838,321	15.40	20,838,321
Mr. Arvind Kapur	9.38	12,674,960	9.38	12,674,960
Mr. Arun Kapur	6.48	8,770,849	6.48	8,770,849
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

The above information is furnished as per the shareholders register as at March 31, 2022 and March 31, 2021.



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### f) Details of shareholding of promoters

Promoter name	As at March 31, 2022			As at March 31, 2021		
	No of shares	% holding	% of change during the year	No of shares	% holding	% of change during the year
Mr. Arvind Kapur	12,685,960	9.38%	—	12,685,960	9.38%	—
Mr. Arun Kapur	8,770,849	6.48%	—	8,770,849	6.48%	—
Mrs. Upasna Kapur	3,453,384	2.55%	—	3,453,384	2.55%	—
Mrs. Shalini Kapur	1,423,683	1.05%	—	1,423,683	1.05%	—
Mrs. Ritu Kapur	733,140	0.54%	—	733,140	0.54%	—
Ms. Nyla Kapur	375,040	0.28%	—	375,040	0.28%	—
Mr. Samarth Kapur	194,800	0.14%	—	194,800	0.14%	—
Mrs. Shivani Kapur	149,800	0.11%	—	149,800	0.11%	—
Mrs. Romilla Bahl	79,000	0.06%	—	79,000	0.06%	—
Mrs. Promila Sikka	4,000	0.00%	—	4,000	0.00%	—
ASN Manufacturing And Services Private Limited	20,838,321	15.40%	—	20,838,321	15.40%	—
Meraki Manufacturing And Finvest Advisors Private Limited	11,790,841	8.72%	—	11,790,841	8.72%	—
Higain Investments Private Limited	7,580,628	5.60%	—	7,580,628	5.60%	—
<b>Total</b>	<b>68,079,446</b>	<b>50.32%</b>	<b>—</b>	<b>68,079,446</b>	<b>50.32%</b>	<b>—</b>

- g) The Group 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 March 31, 2022 and March 31, 2021.

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>16 OTHER EQUITY</b>		
Capital reserve	14.49	14.49
Capital redemption reserve	2.00	2.00
Securities premium	145.04	145.04
Foreign currency translation reserve	5.07	4.35
General reserve	99.70	99.70
Retained earnings	353.79	326.73
	<b>620.10</b>	<b>592.30</b>

\* Amounts have been rounded off to zero.

#### Description of reserves

##### a Capital reserve

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

##### b Capital redemption reserve

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

##### c Securities premium

Securities premium 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

Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at date of the balance sheet. Revenue and expenses are translated into INR at the average exchange rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to currency translation reserve account.

##### e General reserve

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

##### g Retained earnings

Retained earnings are the accumulated profits earned by earned by the Group till date, as adjusted for distribution to owners.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>17 BORROWINGS</b>		
<b>Non-current</b>		
<b>Secured loan, at amortized cost*</b>		
<b>Term loan</b>		
<b>From banks</b>		
Foreign currency loans	39.52	59.47
Rupee loans	208.64	225.43
<b>From Financial institutions</b>		
Rupee loans	39.74	47.95
<b>Vehicle loans</b>		
From financial institutions	0.67	0.74
From banks	0.45	0.96
<b>Unsecured loan, at amortized cost</b>		
<b>Term loan</b>		
From related party (refer note 43)	0.11	0.43
	<b>289.13</b>	<b>334.98</b>
Less: Current maturities of long term secured borrowings	<b>113.06</b>	<b>93.89</b>
	<b>176.07</b>	<b>241.09</b>
<b>Current borrowings</b>		
<b>Working capital loans</b>		
<b>Secured, at amortized cost **</b>		
<b>From banks</b>		
Rupee loans	200.68	165.53
<b>Unsecured, at amortized cost **</b>		
From banks and financial institutions	78.09	41.09
Bills discounting facility	113.06	93.89
Current maturities of non-current borrowings	<b>391.83</b>	<b>300.51</b>

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

\*\* Refer note F – G below for security details and terms of repayment for current borrowings.

## A. Security details and terms of repayment – non-current secured loans

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
A1 The Company has taken a foreign currency term loan along with interest rate swap from RBL Bank Limited. The loan carries fixed interest rate @ 2.80% per annum on euro notional and is repayable in 18 equal quarterly instalments after moratorium of 6 quarters starting June, 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	20.50	28.70
A2 Buyer's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in one year i.e. September 2022. Loan carries interest @ Euribor + 0.30% to 0.75% per annum (previous year Euribor + 0.55% per annum).	13.25	15.39
A3 Buyer's credit facility from Axis Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in three years i.e. June'2024. Loan carries interest @ Jpybor + 1.50% to 1.53% per annum.	5.77	—

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
A4 Reimbursement Authorization facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and is repayable after 3 years carrying interest @ Euribor + 0.78% per annum (previous year Euribor + 0.78% per annum). This Loan has been fully repaid in the current year on November 10, 2021.	—	7.87
A5 Supplier's credit facility from Yes Bank Limited is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and are repayable in three yearly instalments starting July, 2019. Loan carries interest @ Euribor + 0.50% per annum (previous year Euribor + 0.40% to 0.50% per annum). This Loan has been fully repaid in the current year on May 3, 2021.	—	7.51
B1 Rupee term loan from Yes Bank Limited carries interest @ 8.65 % to 9.95% per annum (previous year 8.75% to 10.40% per annum) and is repayable in 16 equal quarterly instalments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	28.68	48.49
B2 Rupee term loan from RBL Bank Limited carries Interest @ 8.95% per annum (previous year 8.95% to 9.95% 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 Limited. This loan has been fully repaid in the current year on September 25, 2021	—	1.50
B3 Rupee term loan from RBL Bank Limited carries interest @ 7.80% to 8.65% per annum (previous year 8.65% to 9.25% per annum) and is repayable in 16 equal quarterly instalments starting October 2019. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Centre, Bawal, Haryana and Letter of comfort issued by Rico Auto Industries Limited. This loan has been fully repaid in the current year on February 23, 2022.	—	1.81
B4 Rupee term loan from Yes Bank Limited carries interest @ 8.75% to 10.15% per annum (previous year 9.95% to 10.15% per annum) and is repayable in 16 equal quarterly instalments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	4.74	6.64
B5 The Company has taken term loan along with a interest rate swap (INR to Euro) from IndusInd Bank Limited. The loan carries fixed interest rate @ 4.50% per annum on Euro notional and is repayable in 12 equal quarterly instalments starting November 2018. The term loan is secured by exclusive charge on immovable properties (land and building) of the Company situated at Chennai and machinery imported under this facility. This Loan has been fully repaid in the current year on November 24, 2021.	—	4.36
B6 The Company has taken term loan along with a principal only swap (INR to Euro) from Kotak Mahindra Bank Limited. The loan carries interest @ 7.75% to 7.85% per annum (previous year 7.85% to 8.80% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 6 quarters starting December 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	8.79	13.07

# **Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)**

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
B7 Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 7.85% to 7.90% per annum (previous year 7.90% to 8.85% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 13 quarters starting February, 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	1.70	1.81
B8 The company has converted rupee term loan in euro, a cross currency swap from Kotak Mahindra Bank Limited, carries interest @ 3.05% per annum on euro notional (previous year 3.05 % per annum) and is repayable in 16 equal quarterly instalments after moratorium of 12 quarters starting December 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	28.38	32.43
B9 Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.00% to 8.15% per annum (previous year 8.15% to 9.20% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 9 quarters starting February 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	4.70	5.02
B10 Rupee term loan from Kotak Mahindra Bank Limited carries interest @ 8.00% to 8.15% per annum (previous year 8.15% to 9.15% per annum) and is repayable in 16 equal quarterly instalments after moratorium of 3 quarters starting August 2020. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	15.68	22.65
B11 Rupee term loan from HDFC Bank Limited carries interest @ 8.50% to 8.60% per annum (previous year 8.60% per annum) and is repayable in 20 equal quarterly instalments after moratorium of 4 quarters starting January 2022. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	23.75	25.00
B12 Rupee working capital term loan (ECLGS) from Yes Bank Limited carries interest @ 7.25% to 7.60% per annum (previous year 7.25% per annum) and is repayable in 48 equal monthly instalments after moratorium of 12 months starting April 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	17.00	17.00
B13 Rupee working capital term loan (ECLGS) from Kotak Mahindra Bank Limited carries interest @ 7.15% to 7.20% per annum (previous year 7.20% per annum) and is repayable in 48 monthly instalments after moratorium of 12 months starting February 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	27.46	28.50
B14 Rupee working capital term loan (ECLGS) from RBL Bank Limited carries interest @ 7.15% to 7.61% per annum (previous year 7.15% per annum) and is repayable in 48 equal monthly instalments after moratorium of 12 months starting April 2022. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	17.15	17.15

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
B15 Rupee term loan from Yes Bank Limited carries interest @ 8.75% per annum and is repayable in 16 equal quarterly instalments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	6.25	—
B16 Rupee term loan from Yes Bank Limited carries interest @ 8.75% per annum and is repayable in 16 equal quarterly instalments. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	7.27	—
B17 Rupee working capital term loan (ECLGS) from Axis Bank Limited carries interest @ 7.35% per annum and is repayable in 48 equal monthly instalments after moratorium of 24 months starting February, 2024. The term loan is secured by second pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future), second pari passu charge on mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram and second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	8.74	—
B18 Rupee working capital term loan (ECLGS) from State Bank of India carries interest @ 7.95% per annum and is repayable in 48 equal monthly instalments after moratorium of 24 months starting January, 2024. The term loan is secured by second pari passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	8.35	—
C1 Rupee term loan from Bajaj Finance Limited carries interest @ 8.90% to 9.05% per annum (previous year @ 8.90% to 9.05% per annum) and is repayable in 23 quarterly instalments starting March 2020. The term loan is secured by first pari passu charge (unless specifically charged) over entire property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Centre, Bawal, Haryana and letter of comfort issued by Rico Auto Industries Ltd. (ultimate holding company) on behalf of Rico Jinfei Wheels Ltd.	6.92	8.73
C2 Rupee term loan from Bajaj Finance Limited carries interest @ 9.00% per annum (previous year @ 9.00% per annum) and is repayable in 60 equal monthly instalments after moratorium of 12 months starting December 2021. The term loan is secured by first pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Centre, Bawal, Haryana and letter of comfort issued by Rico Auto Industries Ltd. (ultimate holding company) on behalf of Rico Jinfei Wheels Ltd.	9.33	10.00
C3 Rupee term loan from Bajaj Finance Limited carries interest @ 9.30% per annum (previous year 9.30% per annum) and is repayable in 20 quarterly instalments after moratorium of 5 quarters starting May 2021. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of certain immovable properties of the Company situated at Dharuhera and Gurugram.	20.31	25.59
C4 Rupee working capital term loan (ECLGS) from Bajaj Finance Limited carries interest @ 9.00% per annum (previous year @ 9.00% per annum) and is repayable in 36 monthly instalments after moratorium of 12 months starting November 2021. The facility is secured by second pari passu charge (unless specifically charged) over entire Property plant and equipment of the Company movable and immovable, present and future, second pari passu charge on mortgage by way of deposit of title deeds of land & building of the Company situated at Plot No 22, sector-5, Phase-II, Growth Centre, Bawal, Haryana.	3.18	3.63
D1 Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 47–60 carrying interest @ 8.00% to 8.50% per annum (previous year 8.00% to 8.50% per annum).	0.17	0.35

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
D2 Vehicle loans are secured by hypothecation of vehicles financed and are repayable in monthly instalments ranging from 47–60 carrying interest @ 7.20% to 9.52% per annum (Previous year 7.20% to 9.52% per annum).	0.95	1.35
E Loan received from director of Rico Friction Technologies Limited (a subsidiary company) carries rate of interest @ 8% per annum and is repayable after 12 months from the reporting date.	0.11	0.43
<b>Security details and terms of repayment – current secured loans</b>		
F1 Working capital loans/facilities are secured against first pari passu charge on all the current assets of the Company including all types of stocks and book debts/ receivables (both present and future) carrying interest rate ranging from 3.70% to 8.90% per annum. (previous year 4.60% to 9.95% per annum)	200.68	156.36
F2 Working capital loans from RBL bank limited is secured against first pari passu charge over entire current assets of the Company, present and future and second pari passu charge (unless specifically changed) over entire fixed assets of the Company movable and immovable, present and future and mortgage by way of deposit of title deeds of land and building of the Company situated at Plot No 22, sector 5, Phase II, Growth Centre, Bawal, Haryana, further also secured by Letter of Comfort from Rico Auto Industries Limited, loan carrying interest rate ranging from 8.10% to 8.65% per annum (previous year 8.65% to 9.55%). The same has been fully repaid during the year.	–	8.12
F3 Working capital loans from Yes bank limited is secured against Exclusive charge on Current assets and movable fixed assets (both present and future), exclusive charge on all immovable property and unconditional and irrevocable Corporate Guarantee from Rico Auto Industries Limited, loan carrying interest rate ranging from 8.20% to 9.39% per annum (previous year 9.20% to 10.40% per annum).	–	1.04
<b>Current unsecured loans</b>		
G1 Working capital facility from banks and financial institutes for sale bill discounting carries interest @ 5.40% to 6.25% per annum (previous year @ 5.40% to 6.25% per annum).	40.37	31.12
G2 Working capital facility for bill discounting from banks and financial institution carries interest @ 6.00% to 8.50% per annum (previous year @ 8.50% to 9.60% per annum for 2020–21 and 2021–22).	37.72	9.97
<b>Utilisation of borrowings</b>		
The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date		
The quarterly returns/statements of current assets filed by the Group with banks or financial institutions in relation to secured borrowings wherever applicable, are in agreement with the books of accounts		

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
<b>18 PROVISIONS</b>		
<b>Non current</b>		
Provision for gratuity (refer note 40)	15.69	19.57
Provision for compensated absences	4.18	6.93
Provision for warranty (refer note below)	–	0.15
	<u>19.87</u>	<u>26.65</u>
<b>Current</b>		
Provision for gratuity (refer note 40)	0.56	0.30



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
Provision for compensated absences	0.28	0.22
Provision for warranty (refer note below)	—	0.05
	<u>0.84</u>	<u>0.57</u>
<b>Note: Movement in provision for warranty</b>		
<b>Opening provision</b>	0.20	0.34
Add: charge for the year	—	0.02
Less: utilised during the year	<u>(0.20)</u>	<u>(0.16)</u>
<b>Closing provision</b>	<u>—</u>	<u>0.20</u>
<b>19 OTHER LIABILITIES</b>		
<b>Non current</b>		
Security deposits	1.33	1.97
Deferred revenue (refer note 49)	—	0.10
	<u>1.33</u>	<u>2.07</u>
<b>Current</b>		
Statutory liabilities	15.60	17.48
Security deposits	1.00	0.80
Contract liabilities – advances from customers* (refer note 49)	15.75	11.28
Deferred revenue (refer note 49)	0.01	0.01
Other liabilities	0.30	0.16
	<u>32.66</u>	<u>29.73</u>
* Represents non-interest bearing advances from customers		
<b>20 TRADE PAYABLES</b>		
Payable to micro enterprises and small enterprises (refer note 38)	13.28	19.63
Other payables	<u>431.90</u>	<u>342.59</u>
	<u>445.18</u>	<u>362.22</u>
<b>Particulars</b>	<b>Payable to MSME</b>	<b>Payable to others</b>
<b>As at March 31, 2022</b>		
<b>Undisputed dues</b>		
Unbilled dues	—	2.22
Not due	6.37	227.56
Less than 1 year	6.91	202.11
1–2 years	—	—
2–3 years	—	—
More than 3 years	—	—
<b>Disputed dues</b>		
Unbilled dues	—	—
Not due	—	—
Less than 1 year	—	—
1–2 years	—	—
2–3 years	—	—
More than 3 years	—	—
<b>Total</b>	<u>13.28</u>	<u>431.90</u>
<b>As at March 31, 2021</b>		
<b>Undisputed dues</b>		
Unbilled dues	—	2.81
Not due	3.57	175.79
Less than 1 year	16.06	162.71
1–2 years	—	1.28
2–3 years	—	—
More than 3 years	—	—
<b>Disputed dues</b>		
Unbilled dues	—	—
Not due	—	—
Less than 1 year	—	—
1–2 years	—	—
2–3 years	—	—
More than 3 years	—	—
<b>Total</b>	<u>19.63</u>	<u>342.59</u>

Note: Refer note 38 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006.

Note: There are no disputed trade payables

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

		(₹ in Crores)
	As at March 31, 2022	As at March 31, 2021
<b>21 OTHER FINANCIAL LIABILITIES</b>		
<b>Current</b>		
Derivative liability measured at fair value (refer note 36)	3.07	6.75
Interest accrued but not due on borrowings	1.76	1.95
Unclaimed dividends	1.29	1.38
Security deposit	3.14	2.41
Payable for capital purchases	15.21	22.28
Employee benefit payable	16.91	16.86
Other liabilities	0.39	0.02
	<u>41.77</u>	<u>51.65</u>
<b>22 CURRENT TAX LIABILITIES (NET)</b>		
Provision for income tax (net of advance tax ₹4.34 crores, March 31, 2021: ₹2.28 crores)	3.46	0.63
	<u>3.46</u>	<u>0.63</u>
<b>23 REVENUE FROM OPERATIONS (REFER NOTE 49)</b>		
Sale of products	1,683.39	1,424.72
Sale of services		
Sale of services (job work income)	120.36	8.83
<b>Other operating revenues</b>		
Scrap sales	42.02	10.65
Duty draw back and other incentives	12.85	11.28
Unwinding of deferred revenue	—	1.28
Others	1.15	13.18
	<u>1,859.77</u>	<u>1,469.94</u>
<b>24 OTHER INCOME</b>		
Interest income on financial assets measured at amortized cost	7.37	8.46
Exchange rate fluctuation (net)	4.99	3.18
Rental income	2.37	1.09
Miscellaneous	4.36	5.77
	<u>19.09</u>	<u>18.50</u>
<b>25 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Raw material and components		
Opening stock	74.13	41.59
Add : Purchases during the year	1,098.62	900.49
Less : Closing stock	49.38	74.13
Raw material and components consumed	<u>1,123.37</u>	<u>867.95</u>
<b>26 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS</b>		
<b>(a) Work-in-progress</b>		
Opening stock	20.40	15.67
Closing stock	24.74	20.40
	<u>(4.34)</u>	<u>(4.73)</u>
<b>(b) Finished goods (including stock-in-trade)</b>		
Opening stock	105.25	47.81
Closing stock	163.51	105.25
	<u>(58.26)</u>	<u>(57.44)</u>
	<u>(62.60)</u>	<u>(62.17)</u>
<b>27 OTHER MANUFACTURING EXPENSES</b>		
Consumption of stores and spares	73.07	70.25
Power and fuel	149.95	114.86
	<u>223.02</u>	<u>185.11</u>
<b>28 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages and bonus	242.11	213.55
Contribution to provident and other funds (refer note 40)	11.81	14.71
Staff welfare expenses	11.99	9.36
	<u>265.91</u>	<u>237.62</u>
<b>29 FINANCE COSTS</b>		
Interest expense towards loans and lease liabilities	40.55	36.90
Other borrowing costs	1.62	1.71

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
<b>30 OTHER EXPENSES</b>	<b>42.17</b>	<b>38.61</b>
Rent (refer note 50)	7.09	6.18
Repairs		
buildings	1.97	0.93
machinery	8.27	7.16
others	2.90	3.68
Insurance	4.69	4.23
Rates and taxes	1.33	2.44
Directors' sitting fees	0.59	—
Traveling and conveyance	5.25	4.01
Legal and professional*	9.82	8.74
Vehicle running and maintenance	3.48	2.98
Freight, forwarding and other charges	99.51	105.89
Provision for doubtful debts	—	0.13
Amortisation of contract assets	4.62	2.04
Miscellaneous expenses**	2.76	4.39
	<b>152.28</b>	<b>152.80</b>
*Includes payments to auditors as on account of#		
Statutory audit fees including limited reviews	0.91	0.91
Certification fees	0.09	0.03
Reimbursement of expenses	0.10	0.04
	<b>1.10</b>	<b>0.98</b>
# excluding applicable taxes		
## Includes audit fees in respect of subsidiaries whose financial statements have been audited by other auditors.		

### \*\* Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the group. 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 group during the year is INR 1.11 crores (March 31, 2021: INR 0.98 crores).

b) Amount spent during the year on:

Year ended March 31, 2022:

S. No.	Particulars	In Cash	Yet to be paid in cash	Total*
i)	Construction/Acquisition of any asset	—	—	—
ii)	On purposes other than (i) above	1.11	—	1.11

Year ended March 31, 2021:

S. No.	Particulars	In Cash	Yet to be paid in cash	Total*
i)	Construction/Acquisition of any asset	—	—	—
ii)	On purposes other than (i) above	0.98	—	0.98

The Group has proposed to spend INR 1.11 crores (previous year INR 0.98 crores) as against minimum amount of INR 1.11 crores (previous year INR 0.98 crores) in accordance with the approval of CSR Committee.

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
<b>31 EXCEPTIONAL ITEMS</b>		
Expenditure incurred on account of voluntary retirement scheme	6.15	4.36
	<b>6.15</b>	<b>4.36</b>

**Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)**

		(₹ in Crores)
	As at March 31, 2022	As at March 31, 2021

## 32 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, 2022	Year ended March 31, 2021
	Amount	Amount
<b>Profit / (loss) from operations before income tax expense</b>	<b>37.98</b>	<b>(15.92)</b>
<b>Income tax using the Group's domestic tax rate</b>	<b>13.26</b>	<b>(5.56)</b>
Tax incentives and concessions	1.01	1.01
Non Deductible expenses	(0.65)	0.41
Others	0.59	2.29
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>14.21</b>	<b>(1.85)</b>

### Note

In financial year 19–20, pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Holding company, Rico Auto Industries Limited ("Company"), has carried out an evaluation and based on its forecasted profits, believes it will not be beneficial for the Company to choose the lower tax rate option till the year ending March 31, 2023. Accordingly, current tax liabilities have been recorded at effective rate of 34.944% and deferred tax asset/liabilities reversing thereafter have been recorded at lower tax rate of 25.17% resulting in reversal of deferred tax liabilities (net) of ₹ 3.19 crores. Further all subsidiary companies in the Group have opted for lower tax rate. Impact of the same is not material on subsidiary company financial statements.

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

			(₹ in Crores)	
	Opening balance	Recognised /(reversed) through profit and loss	Recognised /(reversed) through OCI	Closing balance
<b>B1 Deferred tax assets*</b>				
<b>For the year ended March 31, 2021</b>				
Carry forward losses	9.74	0.94	—	10.68
<b>For the year ended March 31, 2022</b>				
Carry forward losses	<b>10.68</b>	<b>3.59</b>	<b>—</b>	<b>14.27</b>
<b>B2 Deferred tax liabilities (net)</b>				
<b>For the year ended March 31, 2021</b>				
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	31.44	7.34	—	38.78
Financial assets and liabilities at amortised cost	15.23	1.12	—	16.35
Others	0.54	—	—	0.54
	<u>47.21</u>	<u>8.46</u>	<u>—</u>	<u>55.67</u>
<b>Deferred tax assets</b>				
Employee benefits	(8.86)	1.26	(0.53)	(8.13)
Carry forward losses	(11.05)	(11.32)	—	(22.37)
Foreign currency monetary item translation difference account	(0.40)	(0.19)	—	(0.59)
Minimum alternative tax credit entitlement	(15.48)	(0.92)	—	(16.40)
Effective portion of loss on hedging instruments	(2.43)	—	2.67	0.24
Others	(0.41)	(0.61)	—	(1.02)
	<u>(38.63)</u>	<u>(11.78)</u>	<u>2.14</u>	<u>(48.45)</u>
<b>Net deferred tax liabilities</b>	<u>8.58</u>	<u>(3.32)</u>	<u>2.14</u>	<u>7.22</u>
<b>For the year ended March 31, 2022</b>				
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	<b>38.78</b>	<b>5.96</b>	<b>—</b>	<b>44.74</b>
Financial assets and liabilities at amortised cost	<b>16.35</b>	<b>1.09</b>	<b>—</b>	<b>17.44</b>
Others	<b>0.54</b>	<b>—</b>	<b>—</b>	<b>0.54</b>
	<u>55.67</u>	<u>7.05</u>	<u>—</u>	<u>62.72</u>
<b>Deferred tax assets</b>				
Employee benefits	<b>(8.13)</b>	<b>1.63</b>	<b>0.21</b>	<b>(6.29)</b>
Carry forward loss	<b>(22.37)</b>	<b>5.50</b>	<b>—</b>	<b>(16.87)</b>
Foreign currency monetary item translation difference account	<b>(0.59)</b>	<b>(0.21)</b>	<b>—</b>	<b>(0.80)</b>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

	Opening balance	Recognised /(reversed) through profit and loss	Recognised /(reversed) through OCI	(₹ in Crores) Closing balance
Minimum alternative tax credit entitlement	(16.40)	(5.84)	—	(22.24)
Effective portion of loss on hedging instruments	0.24	—	1.81	2.05
Others	(1.02)	(0.83)	—	(1.85)
	<u>(48.45)</u>	<u>0.43</u>	<u>2.02</u>	<u>(46.00)</u>
<b>Net deferred tax liabilities</b>	<b>7.22</b>	<b>7.48</b>	<b>2.02</b>	<b>16.72</b>

\* Pertains to subsidiary companies, namely, Rico Jinfei Wheels Limited, Rasa Autocom Limited and Rico Aluminium and Ferrous Auto Components Limited. Deferred tax asset has been created only to the extent of availability of reasonably certain future taxable profits.

	Year ended March 31, 2022	Year ended March 31, 2021
<b>33 EARNINGS / (LOSS) PER SHARE</b>		
Profit / (loss) after tax (A) (₹)	23.67	(14.18)
Weighted average number of equity shares (basic/diluted) (B)	135,285,000	135,285,000
Nominal value of equity share (₹)	1.00	1.00
<b>Earnings / (loss) per share – basic/diluted (A/B) (₹)</b>	<b>1.75</b>	<b>(1.05)</b>

### 34 FINANCIAL INSTRUMENTS

#### A Financial Instruments by Category

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

	As at March 31, 2022		As at March 31, 2021	
	Derivatives (FV) used for hedging	Amortized Cost*	Derivatives (FV) used for hedging	Amortized Cost*
<b>Financial assets</b>				
<b>Non-current</b>				
Investments#	—	0.05	—	—
Loans	—	42.24	—	54.12
Other financial assets	—	14.54	—	16.19
<b>Current</b>				
Trade Receivables	—	360.41	—	352.25
Cash and cash equivalents	—	7.59	—	13.86
Bank balances other than cash and cash equivalents	—	18.70	—	7.34
Loans	—	1.24	—	1.56
Other financial assets	0.58	42.98	0.63	43.00
	<b>0.58</b>	<b>487.75</b>	<b>0.63</b>	<b>488.32</b>
<b>Financial liabilities</b>				
<b>Non-current</b>				
Borrowings	—	176.07	—	241.09
Lease liabilities	—	24.37	—	10.83
<b>Current</b>				
Borrowings	—	391.83	—	300.51
Lease liabilities	—	6.87	—	1.53
Trade payables	—	445.18	—	362.22
Other financial liabilities	3.07	38.70	6.75	44.90
	<b>3.07</b>	<b>1,083.02</b>	<b>6.75</b>	<b>961.08</b>

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

# The investment in equity shares are measured at cost.

#### B Fair value hierarchy

The categories used are as follows:

Level 1: "Level 1: Quoted price in active market.

Level 2: 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.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

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

(₹ in Crores)

	As at	Level 1	Level 2	Level 3	Total
Derivative asset	March 31, 2022	–	0.58	–	0.58
Derivative liability	March 31, 2022	–	3.07	–	3.07
Derivative asset	March 31, 2021	–	0.63	–	0.63
Derivative liability	March 31, 2021	–	6.75	–	6.75

## C Derivative financial instruments and hedge accounting

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

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

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

## Impact of hedging activities

### (i) Effects of hedge accounting on balance sheet as at 31 March 2022:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 7,381,091	–	2.88	Apr 2020 – Sep 2025	80.10	(3.00)	2.93
(ii) Forward contracts	USD 6,300,000	0.58	–	Apr 2022 – Sep 2022	77.31	0.14	0.14
(iii) Forward contracts	EUR	–	–	Apr 2021 – Sep 2021	–	(0.19)	(0.19)
Interest rate risk							
(i) Interest rate swap	EUR 2,641,572	–	0.19	Apr 2020 – Sep 2024	2.80%	(0.68)	(0.68)
Total		0.58	3.07				

### (ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2022:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	6.19	–	2.06	Revenue
Interest rate risk	(0.68)	–	(0.38)	Finance cost



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### (i) Effects of hedge accounting on balance sheet as at 31 March 2021:

Type of hedge and risks	Notional amount	Carrying amount of hedging instruments		Maturity dates	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
Derivative instruments							
(i) Cross currency swaps	EUR 9,739,372	–	5.88	Apr 2020 – Sep 2025	77.87	0.72	(0.59)
(ii) Forward contracts	USD 3,600,000	0.44	–	Apr 2021 – Sep 2021	77.37	(1.75)	(1.75)
(iii) Forward contracts	EUR 1,200,000	0.19	–	Apr 2021 – Sep 2021	87.17	(0.14)	(0.14)
Interest rate risk							
(i) Interest rate swap	EUR 4,754,829	–	0.87	Apr 2020 – Sep 2024	2.80%	(0.32)	(0.32)
<b>Total</b>		<b>0.63</b>	<b>6.75</b>				

### (ii) Effects of hedge accounting on statement of profit and loss account for the year ended 31 March 2021:

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	8.99	(0.13)	3.45	Revenue
Interest rate risk	0.32	–	(0.29)	Finance cost

### (iii) Movement in cash flow hedge reserve

Particulars	Foreign currency and interest rate risk (As at March 31, 2022)	Foreign currency and interest rate risk (As at March 31, 2021)
<b>Opening balance</b>	(0.61)	(4.52)
Add: Changes in fair value of hedging instruments	6.87	9.18
Less: Amounts reclassified to profit or loss	(1.68)	(3.16)
Less: Deferred tax relating to above (net)	(1.81)	(2.11)
<b>Closing balance</b>	<b>2.77</b>	<b>(0.61)</b>

## 35 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, 2022	As at March 31, 2021
Total debts*	599.14	553.96
Total equity#	633.62	605.82
Debt equity ratio	0.95	0.91

\* includes short term and long term borrowings & lease liabilities with current maturities

# includes equity share capital and other equity

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 36 FINANCIAL RISK MANAGEMENT

#### 36A Market risk:

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

##### a. Foreign currency risk:

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

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

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

(₹ in Crores)

As at March 31, 2022	USD	JPY	EURO	GBP	Others	Total
Trade payable	10.87	0.28	5.50	2.96	—	19.61
Advance from customer	1.28	—	0.86	—	—	2.14
<b>Borrowings:</b>						
Term loan#	—	5.77	76.42	—	—	82.19
Less: Investments	0.19	—	—	0.20	—	0.39
Less: Cash & bank	0.29	—	—	—	—	0.29
Less: Advance to supplier	2.22	0.87	9.00	0.15	—	12.24
Less: Trade receivable	48.83	—	42.02	—	—	90.85
<b>Net payable</b>	<b>(39.38)</b>	<b>5.18</b>	<b>31.77</b>	<b>2.61</b>	<b>—</b>	<b>0.17</b>
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	0.39	(0.05)	(0.32)	(0.03)	—	(0.00)
Sensitivity to decrease of 1%	(0.39)	0.05	0.32	0.03	—	0.00

# Includes INR to EURO Swap amounting to EURO 4,739,519 outstanding as at 31 March 2022.

(₹ in Crores)

As at March 31, 2021	USD	JPY	EURO	GBP	Others	Total
Trade payable	16.87	0.14	4.73	2.99	—	24.73
Advance from customer	1.84	—	2.68	—	—	4.53
<b>Borrowings:</b>						
Term loan#	—	—	115.59	—	—	115.59
Less: Investments	0.18	—	—	0.20	—	0.38
Less: Cash & bank	0.24	—	0.89	—	0.00	1.14
Less: Advance to Supplier	1.39	1.79	2.72	0.19	—	6.09
Less: Trade receivable	57.43	—	40.43	—	—	97.86
<b>Net payable</b>	<b>(40.53)</b>	<b>(1.65)</b>	<b>78.96</b>	<b>2.60</b>	<b>(0.00)</b>	<b>39.38</b>
Impact on profit and loss account on account of change in currency						
Sensitivity to increase of 1%	0.41	0.02	(0.79)	(0.03)	—	(0.41)
Sensitivity to decrease of 1%	(0.41)	(0.02)	0.79	0.03	—	0.41

# Includes INR to EURO Swap amounting to EURO 6,041,172 outstanding as at 31 March 2021.

#### Derivatives outstanding at the reporting date:

(₹ in Crores)

Currency sold	As at March 31, 2022	As at March 31, 2021
Forward Contract (sell) against exports	48.71	18.99
Forward Contract (sell) against imports	—	19.32

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (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, 2022	As at March 31, 2021
Variable rate borrowing	255.93	309.99

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, 2022	Year ended March 31, 2021
Variable rate borrowings		
Interest rate increase by 0.5%	1.28	1.55
Interest rate decrease by 0.5%	(1.28)	(1.55)

### 36B Credit Risk :

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

(₹ in Crores)		
Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	7.59	13.86
Other bank balances	18.70	7.34
Trade receivables	360.41	352.25
Loans	43.48	55.68
Other financial assets	58.10	59.82

### Cash and cash equivalents and bank balances

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

### Trade Receivables

Trade receivables are unsecured in nature and are derived from revenue earned from customers. Trade receivable are non-interest bearing and are settled upto 30 to 180 days terms.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. In Accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers, etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2022 and March 31, 2021 is insignificant.

### Loans and other financial assets measured at amortized cost

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

### 36C Liquidity risk:

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

(₹ in Crores)

	Less than 1 year	1 – 3 years	More than 3 years	Total
<b>As at March 31, 2022</b>				
Borrowings (including short term and current maturities)	375.99	139.28	52.63	567.90
Expected interest on above borrowings	24.80	18.88	3.37	47.05
Interest accrued but not due on borrowings	1.76	—	—	1.76
Trade payable (including payable for capital goods)	445.18	—	—	445.18
Unclaimed dividends	1.29	—	—	1.29
Employee benefit payable	16.91	—	—	16.91
Security deposit	3.14	—	—	3.14
Derivative liability measured at fair value	3.07	—	—	3.07
Lease liabilities	6.87	24.37	—	31.24
Others	0.39	—	—	0.39
<b>As at March 31, 2021</b>				
Borrowings	300.50	124.25	116.84	541.59
Expected interest on above borrowings	17.58	29.15	7.39	54.12
Interest accrued but not due on borrowings	1.95	—	—	1.95
Trade payable (including capital creditors)	384.50	—	—	384.50
Unclaimed dividends	1.38	—	—	1.38
Employee benefits payable	16.86	—	—	16.86
Security deposits	2.41	—	—	2.41
Derivative liability measured at fair value	6.75	—	—	6.75
Lease liabilities	1.53	2.10	8.17	11.80
Others	0.03	—	—	0.03

### 37 CONTINGENCIES

**A Contingent liabilities:** The Group has contingent liabilities in respect of:

**Demand against the Group not acknowledged as liability**

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
Income taxes	0.16	0.49
Sales tax and Value added tax	0.05	0.67
Excise and service tax	8.96	9.60
Dakshin Haryana Bijli Vitran Nigam ("DHBVN")**	5.60	5.60

\* Amounts have been rounded off to zero

\*\* DHBVN had demanded 5.60 crores (previous year ₹ 5.60 crores) for overdrawing power as compared to approved load limit. DHBVN filed a writ petition before Hon'ble High Court of Punjab and Haryana which was dismissed on account of non-prosecution on February 15, 2016. Thereafter, DHBVN filed case against the Company with divisional bench of Honourable High Court of Punjab and Haryana. The Company has deposited ₹ 3.60 crores with DHBVN. The case is presently pending and next hearing on October 14, 2022.

### B Other matter

GAIL (India) Limited ("GAIL") had raised a demand against the Company in relation to minimum gas consumption by the Company in accordance with the terms of Gas Sale Agreement executed between GAIL and the Company. The Company had filed a case against GAIL with Competition Commission of India which was decided in favour of the Company, however GAIL continued to send demand notices to the Company (amounting to ₹ 5.40 crores, as at reporting date) however the Company refuted the claims filed by GAIL. During the current and previous year, the Company has received waiver letters from GAIL in respect of such demand notices and accordingly the Company believes that there will be no outflow of resources in respect of claims filed by GAIL.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 38 DUES TO MICRO AND SMALL ENTERPRISES

(₹ in Crores)

	As at March 31, 2022		As at March 31, 2021	
	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;	13.01	0.27	19.63	0.04
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	—	—	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	—	—	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	—	0.31	—	0.04
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act	—	—	—	—

This information as required to be disclosed under section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group.

### 39 COMMITMENTS

(₹ in Crores)

	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances ₹ 21.11 crores (March 31, 2021: ₹ 10.45 crores)]	102.32	28.38

### 40 EMPLOYEE BENEFITS

#### A. Defined contribution plans

(₹ in Crores)

	Year ended March 31, 2022	Year ended March 31, 2021
Employer's contribution to provident fund	8.78	7.70
Employer's contribution to ESI	0.39	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 Indiafirst 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 consolidated financial statements.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

	(₹ in Crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>B1 Change in defined benefit obligation</b>		
Present value of obligation as at beginning of the year	28.86	26.22
Current service cost*	2.28	2.18
Interest cost*	1.95	1.75
Benefits paid	(4.15)	(2.78)
Actuarial loss	(0.83)	1.85
Acquisition Adjustment	–	(0.36)
Present value of obligation as at end of the year	28.11	28.86
*Included in employee benefit expenses.		
<b>B2 Change in fair value of plan assets</b>		
Fair value of assets at the beginning of the year	9.07	8.76
Expected return on plan assets	0.69	0.59
Employer's contributions	0.13	1.65
Benefits paid	(0.85)	(1.93)
Return on plan asset greater than discount rate – (Other comprehensive income)	(0.58)	–
Prior period adjustments	3.38	–
Fair value of plan assets as at end of the year	11.84	9.07
<b>B3 The amounts to be recognised in balance sheet</b>		
Present value of obligation as at the end of the year	28.11	28.86
Fair value of plan assets as at the end of the year	11.84	(9.07)
Net liability recognised in consolidated balance sheet	16.25	19.79
– Non-current	15.69	19.57
– Current	0.56	0.22
<b>B4 Expense recognised during the year</b>		
In consolidated statement of profit and loss		
Current service cost	2.28	2.18
Interest cost (net of income)	1.26	1.16
Net cost	3.54	3.34
In other comprehensive income		
– Change in financial assumptions	(0.17)	0.13
– Return on plan asset greater than discount rate	(0.58)	–
– experience variance (i.e. actual experience vs assumptions)	(0.66)	1.72
Net cost	(1.41)	1.85
<b>B5 Actuarial assumptions:</b>		
Discount rate	7.30%	6.80%
Rate of increase in compensation levels	5.50%	5.50%
Mortality rate (% of IALM 12–14)	100.00%	100.00%
Retirement age (years)	58	58
Attrition / Withdrawal rates, based on age (per annum)		
Upto 30 years	7.40%	7.40%
31 to 40 years	2.80%	2.80%
41 to 50 years	0.52%	0.52%
Above 50 years	0.22%	0.22%



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (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, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Impact of change in discount rate (+/- 0.5%)	(1.64)	1.08	(1.35)	1.61
Impact of change in salary (+/- 0.5%)	1.10	(1.67)	1.64	(1.37)
Impact of change in attrition rate (+/- 0.5%)	(0.21)	(0.47)	(0.00)	(0.19)

### B7 Expected Contribution during the next annual reporting period

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
The Group's best estimate of contribution during the next year	7.71	11.99

### B8 Maturity profile of Defined Benefit Obligation

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Weighted average duration (based on discounted cashflows)	9 years	11 years

Expected cash flows over the next (valued on undiscounted basis):	Year ended March 31, 2022	Year ended March 31, 2021
1 year	2.02	1.30
2 to 5 years	7.04	7.39
6 to 10 years	12.95	12.66
More than 10 years	42.01	42.85

### 41 EXPENDITURE ON RESEARCH AND DEVELOPMENT:

(₹ in Crores)

	Year ended March 31, 2022	Year ended March 31, 2021
Capital expenditure	3.08	2.55
Employee benefits expense	5.58	6.90
Revenue expenditure other than depreciation	3.18	2.39
Depreciation on research and development assets	1.82	2.07

### 42. INFORMATION PURSUANT TO REGULATION 34, READ WITH SCHEDULE V (PART A) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED:

Loans and advances in the nature of loans to entities	As at March 31, 2022	As at March 31, 2021	Maximum balance outstanding during the year ended	
			March 31, 2022	March 31, 2021
<b>Name of entity</b>				
Rico Castings Limited	38.31	44.10	45.39	49.40
ASN Manufacturing and Services Private Limited	20.48	24.20	28.13	37.97
ASN Properties Private Limited	—	—	—	2.80

Disclosure pursuant to Section 186(4) of the Companies Act, 2013

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

Nature of the transaction (loans given/investment made/guarantee given)	As at March 31, 2022	As at March 31, 2021
(a) Long-term loans given to provide financial assistance to related parties for general business purpose *		
<b>Rico Castings Limited @ 10.00% per annum</b>		
Opening balance	44.10	45.10
Loans given during the year	—	11.00
Loans repaid during the year	(5.79)	(12.00)
<b>Closing balance</b>	<b>38.31</b>	<b>44.10</b>
<b>ASN Manufacturing and Services Private Limited @ 10.00% per annum</b>		
Opening balance	24.20	28.47
Loans given during the year	—	—
Loans repaid during the year	(3.72)	(4.27)
<b>Closing balance</b>	<b>20.48</b>	<b>24.20</b>
<b>ASN Properties Private Limited @ 10.00% per annum</b>		
Opening balance	—	2.80
Loans given during the year	—	—
Loans repaid during the year	—	(2.80)
<b>Closing balance</b>	<b>—</b>	<b>—</b>
Nature of the transaction (loans given/investment made/guarantee given)	As at March 31, 2022	As at March 31, 2021
(b) Investments #		
Investment in equity shares ##		
Rico Care Foundation	0.05	—
Roop Ram Industries Private Limited	2.43	—

\* refer note 8 for particulars of the loans and advances given.

# refer note 6 and 7 for full particulars of the investments made

## the above investments are shown at cost per financial reporting requirements

### 43 RELATED PARTY DISCLOSURES

#### I Related parties

##### A Other Related Parties (Entity in which KMP exercise significant influence) with whom there are transactions during the year or balances as at year end

- i) ASN Manufacturing and Services Private Limited
- ii) Magpie Manufacturing and Tech Private Limited
- iii) ASN Properties Private Limited
- iv) Rico Castings Limited
- v) Helical Spring (Unit of T.K. Precision Private Limited)
- vi) Kapbros Engineering Industries Limited
- vii) Haridwar Estates Private Limited
- viii) Ishvara Manufacturing and Finvest Advisors Private Limited

##### B Key management personnel

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

\* as per the Companies Act 2013

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### II Transactions with related parties:

		(₹ in Crores)	
		Year ended March 31, 2022	Year ended March 31, 2022
<b>A</b>	<b>Entity in which directors are interested</b>		
<b>1</b>	<b>Rico Castings Limited</b>		
	Purchase of raw material including job work	12.26	22.24
	Sale of goods	6.36	14.55
	Reimbursement of expenses	16.38	10.42
	Rent expense	3.97	3.60
	Interest Received	3.56	4.23
	Repayment of loan	5.78	12.01
	Loan given	3.00	11.00
	Advance given against electricity & gas	–	2.22
	Recovery of Expenses	0.08	–
<b>2</b>	<b>Kapbros Engineering Industries Limited</b>		
	Purchase of raw material including job work	50.33	71.49
	Sale of goods	12.76	34.64
	Purchase of property, plant and equipment	6.28	4.47
	Sale of assets	1.18	0.16
	Recovery of expenses	3.08	2.25
	Reimbursement of expenses	0.06	0.41
	Rent income	1.14	0.99
	Interest received	–	0.16
	Loan given	–	3.00
	Interest paid	0.66	–
<b>3</b>	<b>ASN Manufacturing and Services Private Limited (Formerly Kapsons Manufacturing and Services Private Limited)</b>		
	Purchase of raw material including job work	4.55	4.32
	Sale of goods	3.68	3.54
	Rent expense	1.04	1.12
	Rent income	0.04	0.08
	Interest received	2.13	2.73
	Recovery of expenses	0.24	0.02
	Repayment of loan	5.46	4.27
	Purchase of Assets	0.26	–
<b>4</b>	<b>Magpie Manufacturing and Tech Private Limited (Formerly Magpie Finvest Advisors Private Limited)</b>		
	Purchase of raw material including job work charges	11.99	12.96
<b>5</b>	<b>Helical Spring (Unit of T.K. Precision Private Limited)</b>		
	Purchase of raw material including job work	1.34	6.61
	Recovery of expenses	–	0.07
<b>6</b>	<b>Ishwara Manufacturing and Finvest Advisors Private Limited</b>		
	Rent income	0.08	0.08
<b>7</b>	<b>ASN Properties Private Limited</b>		
	Rent income*	0.00*	0.00*
	Interest income	–	0.19
	Repayment of loan	–	2.80
<b>8</b>	<b>Key management personnel compensation**</b>		
	Shri Arvind Kapur	8.00	3.37
	Shri Arun Kapur	0.60	0.30
	Shri Rakesh Kumar Sharma#	0.63	0.57
	Shri BM Jhamb#	0.41	0.37
	Sitting fees and commission	1.08	0.54

\* Amounts have been rounded off to zero

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

# As per section 203 of the Act, definition of Key Managerial Personnel includes Chief Executive Officer, Chief Financial Officer and Company Secretary

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### III Balances with related parties:

		(₹ in Crores)	
		As at March 31, 2022	As at March 31, 2021
<b>B</b>	<b>Entity in which directors are interested</b>		
<b>1</b>	<b>Rico Castings Limited</b>		
	Trade receivables	2.16	1.08
	Recoverable against advance for electricity and gas	9.00	9.00
	Loans	38.31	41.10
	Interest receivable	–	0.50
	Security deposit	4.90	4.90
<b>2</b>	<b>Kapbros Engineering Industries Limited</b>		
	Trade payables	4.40	1.17
	Trade receivables	9.66	11.78
	Loans	–	3.00
	Interest payable	1.08	–
<b>3</b>	<b>ASN Manufacturing And Services Private Limited (formerly Kapsons Manufacturing and Services Private Limited)</b>		
	Security deposits	0.26	0.26
	Trade receivables	0.15	0.05
	Loans	18.74	24.20
	Interest receivable	0.42	0.54
<b>4</b>	<b>Magpie Manufacturing and Tech Private Limited (formerly Magpie Finvest Advisors Private Limited)</b>		
	Trade payables	0.93	2.81
<b>5</b>	<b>Helical Spring (Unit of T.K. Precision Private Limited)</b>		
	Trade payables	2.13	1.75
<b>6</b>	<b>ASN Properties Private Limited</b>		
	Trade receivables	0.00*	0.00*
	Loans	–	–
<b>7</b>	<b>Ishwara Manufacturing and Finvest Advisors Private Limited</b>		
	Security deposits	0.01	0.01
	Trade payables	0.08	–

\*Amounts have been rounded off to zero

All transactions with related parties are made on the terms equivalent to those that prevail at arm's length transactions and within the ordinary course of business. Outstanding balances at respective year ends are unsecured.

- 44 The Group is engaged in the manufacturing and sale of auto components for two wheelers and four wheelers. Considering the nature of the Group's business and operations, and the information reviewed by the Chief Operating Decision Maker (CODM) to allocate resources and assess performance, the Group has one reportable business segment as per the requirements of Ind AS 108 – 'Operating Segments'.

(₹ in Crores)					
Particulars	India	UK (including Europe)	US	Other countries	Total
<b>Year ended March 31, 2022</b>					
Revenue from external customers (gross)	1,398.56	246.25	189.17	25.79	1,859.77
Non-current assets#	958.45	–	–	–	958.45
<b>Year ended March 31, 2021</b>					
Revenue from external customers (gross)	1,106.31	222.04	126.77	14.82	1,469.94
Non-current assets*	828.40	–	–	–	828.40

# Excluding Financial assets and Deferred tax assets

- 45 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 this accounting treatment as per option given in para D13AA of IND AS 101. Amount remaining to be amortized is as under:

(₹ in Crores)		
	As at March 31, 2022	As at March 31, 2021
<b>Un-amortized foreign exchange differences –</b>		
– Property, plant and equipment	0.00*	4.84
– FCMITDA	–	–

\*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, 2022 (Contd.)

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:

### For the year ended March 31, 2022

Particulars	Net assets		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As at March 31, 2022		for the year ended March 31, 2022		for the year ended March 31, 2022		for the year ended March 31, 2022	
	As % Consolidated net assets	Amount	As % Consolidated net profit	Amount	As % Consolidated other comprehensive income	Amount	As % Consolidated other comprehensive income	Amount
<b>Parent</b>								
Rico Auto Industries Limited	95.01%	602.35	96.13%	22.85	95.25%	3.81	96.0%	26.66
<b>Indian subsidiaries</b>								
1. AAN Engineering Industries Limited	(1.6%)	(10.16)	2.52%	0.60	—	—	2.16%	0.60
2. Rico Investments Limited (wholly owned subsidiary w.e.f. July 07, 2021)*	19.74%	125.14	11.32%	2.69	—	—	9.69%	2.69
3. Rico Jinfei Wheels Limited	1.12%	7.11	8.62%	2.05	(2.75%)	(0.11)	6.99%	1.94
4. Rasa Autocom Limited	4.75%	30.13	8.62%	2.05	—	—	7.38%	2.05
5. Rico Aluminum and Ferrous Auto Components Limited	2.82%	17.91	(42.66%)	(10.14)	8.0%	0.32	(35.36%)	(9.82)
6. Rico Fluidtronics Limited	7.87%	49.88	24.91%	5.92	—	—	21.32%	5.92
7. Rico Friction Technologies Private Limited	0.32%	2.00	1.64%	0.39	(0.25%)	(0.01)	1.37%	0.38
<b>Foreign subsidiaries</b>								
1. Rico Auto Industries Inc., USA	0.6%	3.81	5.3%	1.26	—	—	4.54%	1.26
2. Rico Auto Industries (UK) Limited, UK	1.07%	6.81	(0.8%)	(0.19)	—	—	(0.68%)	(0.19)
<b>Minority Interest</b>								
1. Rico Jinfei Wheels Limited	0.06%	0.36	0.43%	0.10	—	—	0.36%	0.10
Add/(Less): Effect of Intercompany adjustments/eliminations	(31.76%)	(201.36)	(16.04%)	(3.81)	(0.25%)	(0.01)	(13.76%)	(3.82)
<b>Total</b>	<b>100.00%</b>	<b>633.98</b>	<b>100.00%</b>	<b>23.77</b>	<b>100.00%</b>	<b>4.00</b>	<b>100.00%</b>	<b>27.77</b>

During the year, the Holding Company has invested ₹2.43 crores by way of purchase of 2,434,640 fully paid equity shares of ₹10/- each of Roop Ram Industries Private Limited ("Roop Ram") constituting 26% of the paid-up equity share capital of the said company on 11 August 2021. Also, the Company had entered the Power Purchase Agreement ('PPA') with Roop Ram to procure their output of solar power on subsidized rates. As per the agreements entered, in the event of termination of the contracts or completion of the contract term, the Company will receive the investment made by it without any share of profit/loss in associate. As the Company has significant influence in Roop Ram, such investment amount has been accounted as Investment in Associate as per Ind AS 28 "Investment in associates and joint ventures" and carried at cost.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

### For the year ended March 31, 2021

Particulars	Net assets		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As at March 31, 2021		for the year ended March 31, 2021		for the year ended March 31, 2021		for the year ended March 31, 2021	
	As % Consolidated net assets	Amount	As % Consolidated net profit	Amount	As % Consolidated other comprehensive income	Amount	As % Consolidated other comprehensive income	Amount
<b>Parent</b>								
Rico Auto Industries Limited	94.99%	578.40	(40.94%)	(5.76)	86.8%	2.96	(26.24%)	(2.80)
<b>Indian subsidiaries</b>								
1. AAN Engineering Industries Limited	(0.91%)	(5.51)	(5.83%)	(0.82)	0.15%	0.01	(7.59%)	(0.81)
2. Rico Investments Limited*	20.11%	122.45	20.54%	2.89	0.01%	0.00	27.09%	2.89
3. Rico Jinfei Wheels Limited	0.85%	5.18	14.78%	2.08	2.35%	0.08	20.24%	2.16
4. Rasa Autocom Limited	4.61%	28.08	11.94%	1.68	(0.29%)	(0.01)	15.65%	1.67
5. Rico Aluminum and Ferrous Auto Components Limited	4.55%	27.72	(65.67%)	(9.24)	(10.85%)	(0.37)	(90.07%)	(9.61)
6. Rico Fluidtronics Limited	7.91%	48.18	29.14%	4.10	0.29%	0.01	38.52%	4.11
7. Rico Friction Technologies Private Limited	0.09%	0.54	1.63%	0.23	0.02%	0.00	2.16%	0.23
<b>Foreign subsidiaries</b>								
1. Rico Auto Industries Inc., USA	5.18%	31.52	16.84%	2.37	—	—	22.21%	2.37
2. Rico Auto Industries (UK) Limited, UK	1.17%	7.10	(1.49%)	(0.21)	—	—	(1.97%)	(0.21)
<b>Minority Interest</b>								
1. Rico Investments Limited (including its subsidiaries)	0.51%	3.08	0.78%	0.11	—	—	1.03%	0.11
Add/(Less): Effect of Intercompany adjustments/eliminations	(39.06%)	(237.83)	(81.73%)	(11.50)	21.52%	0.73	(101.03%)	(10.78)
<b>Total</b>	<b>100.00%</b>	<b>608.91</b>	<b>(100.00%)</b>	<b>(14.07)</b>	<b>100.00%</b>	<b>3.41</b>	<b>(100.00%)</b>	<b>(10.67)</b>

### Subsidiaries considered for consolidation

The Group's subsidiaries as at March 31, 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The Country of incorporation or registration is also their principal place of business.

### A. Wholly owned subsidiaries of the Company:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		March 31, 2022	March 31, 2021
AAN Engineering Industries Limited	India	100%	100%
Rico Auto Industries Inc., USA	USA	100%	100%
Rico Auto Industries (UK) Limited, UK	UK	100%	100%
Rico Investments Limited	India	100%	96.88%



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

Rico Friction Technologies Private Limited	India	100%	70%
--	-------	------	-----

### B. Entities having non-controlling interest:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		March 31, 2022	March 31, 2021
Rico Investment Limited (through its subsidiary Rico Jinfei Wheels Limited)	India	95.26%	96.88%
Rico Fluidtronics Limited	India	0.00%	98.44%

\*Rico Investment Limited has further three subsidiary companies namely, Rasa Autocom Limited, Rico Jinfei Wheels Limited and Rico Aluminum and Ferrous Auto Components Limited.

- 48 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 year. However, in the opinion of the management the same would not have a material impact on these consolidated financial statements.

### 49 REVENUE

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

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

Particulars	(₹ in Crores)	
	Year ended March 31, 2022	Year ended March 31, 2021
India	1,398.56	1,106.31
Other than India	461.21	363.63
<b>Total</b>	<b>1,859.77</b>	<b>1,469.94</b>

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

Particulars	(₹ in Crores)	
	As at March 31, 2022	As at March 31, 2021
Contract asset		
– Trade receivables*	360.41	352.25
– Unbilled revenue	8.11	5.14
Contract costs	19.30	19.31
Contract liabilities		
– Advances from customers	15.75	11.28
– Deferred revenue	0.01	0.11

\* Trade receivable are not-interest bearing and generally has credit period of 30 to 180 days

Significant changes in Contract costs and contract liabilities during the year are as follows:

Particulars	(₹ in Crores)			
	As at March 31, 2022			
	Contract asset	Unbilled revenue	Advances from customers	Deferred revenue
Opening balances	19.31	5.14	11.28	0.11
Addition during the year	4.61	9.31	20.03	–
Revenue recognized/ amount adjusted/amortized during the year	(4.62)	(6.34)	(15.56)	(0.10)
<b>Closing balance</b>	<b>19.30</b>	<b>8.11</b>	<b>15.75</b>	<b>0.01</b>
Non-current	14.61	–	–	–
Current	4.69	8.11	15.75	0.01

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

Particulars	As at March 31, 2021			
	Contract asset	Unbilled revenue	Advances from customers	Deferred revenue
Opening balances	10.34	0.67	22.52	1.33
Addition during the year	11.04	5.14	14.33	–
Revenue recognized/ amount adjusted/amortized during the year	(2.07)	(0.67)	(25.57)	1.22
<b>Closing balance</b>	<b>19.31</b>	<b>5.14</b>	<b>11.28</b>	<b>0.11</b>
Non-current	15.04	–	–	0.10
Current	4.27	5.14	11.28	0.01

### 50 LEASES

#### i. Nature of Leasing activities

The Group has entered into lease arrangements for land, plant and equipment, and office and factory buildings that are renewable on a periodic basis with approval of both lessor and lessee. The Group does not have any lease commitments towards variable rent as per the contract.

#### ii. Lease liabilities are presented in the Balance Sheet as follows:

(₹ in Crores)

Particulars	Land	Building	Plant and equipment	Total
Category of ROU assets				
<b>Balance recognized as at April 1, 2020</b>	<b>18.24</b>	<b>10.48</b>	<b>–</b>	<b>28.72</b>
Additions during the year	–	–	2.37	2.37
Deletions during the year	–	–	–	–
Depreciation charge for the year	0.20	1.31	0.33	1.84
<b>Balance as at March 31, 2021</b>	<b>18.04</b>	<b>9.17</b>	<b>2.04</b>	<b>29.25</b>
Addition during the year	0.62	–	27.14	27.76
Deletions during the year	–	–	–	–
Depreciation charge for the year	0.20	1.31	0.86	2.37
<b>Balance as at March 31, 2022</b>	<b>18.46</b>	<b>7.86</b>	<b>28.32</b>	<b>54.64</b>

#### iii. The weighted average incremental borrowing rate applied to lease liability is 8.50%.

#### iv. Lease liabilities are presented in the Balance Sheet as follows:

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current	24.37	10.83
Current	6.87	1.53
<b>Total lease liabilities</b>	<b>31.24</b>	<b>12.36</b>

#### v. The following is the movement in lease liabilities:

(₹ in Crores)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	12.36	10.80
Addition during the year	24.57	2.07
Deletion during the year	–	–
Modification during the year	–	–
Finance cost accrued during the year	2.24	1.57
Payment of lease liability	(7.93)	(2.08)
<b>Closing balance</b>	<b>31.24</b>	<b>12.36</b>

#### iv. Lease payments not recognized as liability:

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Short term leases	7.09	6.18
<b>Total</b>	<b>7.09</b>	<b>6.18</b>

#### vii. Lease term ranges from 4–9 years (previous year 4– 9 years)

#### viii. For maturity profile of lease liabilities refer note 36

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

ix. Lease income recognized during the current year ₹2.37 crores (previous year ₹1.09 crores)

51. The Board of Directors have recommended a dividend of ₹0.40 per equity share of ₹1 each for the financial year 2021–22, subject to the approval of shareholders.
52. The Board of Directors of the Group, based on the recommendation of Audit Committee, in its meeting held on July 26, 2021, have considered and approved the Scheme of Amalgamation ("Scheme") for merger of Rico Jinfei Wheels Limited (RJWL), a step-down Subsidiary Company with Rico Castings Limited, pursuant to Sections 230 to 232 of the Companies Act, 2013, with effect from Appointed Date i.e. April 01, 2021. The Scheme is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, the shareholders and creditors of each of the companies. The same was filed with the NCLT on September 30, 2021. Thereafter, pursuant to Hon'ble NCLT directions, the shareholders and creditors have approved the scheme with requisite majority. Now, the second motion petition has been filed and scheduled for hearing on July 22, 2022.

### 53. Events after Balance sheet date

There are no reportable subsequent events after the balance sheet date.

### 54. Reconciliation of liabilities from financing activities

During the previous years, there was amendment to Ind AS 7 Statement of cash flows, which require the entities to provide disclosures that enable users of consolidated 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 does not have any material impact on the consolidated financial statements; accordingly, the reconciliation is not disclosed.

55. The Group carries net assets amounting to ₹73.86 crores (previous year ₹42.96 crores) of subsidiary company, Rico Jinfei Wheels Limited and in AAN Engineering Industries Limited (a wholly owned subsidiary) amounting to ₹(0.10) crores (March 31, 2021: ₹(2.81) crores). Management periodically assesses whether there is an indication that such assets may be impaired. For this, where impairment indicators exists, management compares the carrying amounts of assets with their recoverable amount determined via discounted cash flow method.

The key assumptions used, are determined based on management's calculations after considering, past experiences, earning forecasts, discount rates and other available internal information to the extent available.

During the year, the Group has considered it appropriate to undertake the impairment assessment based on certain indicators, with reference to the latest business plan and assumptions referred above. Based on management's assessment, recoverable amount is higher than the carrying amount of the assets and hence, no impairment is recognized.

#### For Rico Jinfei Wheels Limited:

Key assumptions used by management are:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate (post tax)	15.24%	14.68%
Terminal growth rate	3.00%	3.50%

Changes in Value in Use keeping other variables constant:

Particulars	As at March 31, 2022	As at March 31, 2021
Increase in discount rate by 1%	57.70	57.09
Increase in terminal growth rate by 0.5%	83.32	79.89

#### For AAN Engineering Limited:

Key assumptions used by management are:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate (post tax)	18.15%	15.55%
Terminal growth rate	3.00%	3.00%

Changes in Value in Use keeping other variables constant:

Particulars	As at March 31, 2022	As at March 31, 2021
Increase in discount rate by 1%	1290.19	790.52
Increase in terminal growth rate by .5%	2192.98	1331.87

56. Additional regulatory information not disclosed elsewhere in the financial information
- The Group does not have any charge which is yet to be registered with ROC beyond the statutory period.
  - The Group has not traded or invested in crypto currency or virtual currency during the current and previous financial year.
  - No transaction to report against borrowed funds:
    - Willful defaulter
    - Utilizations of borrowed funds
    - Borrowings obtained on the basis of security of current assets
    - Discrepancy in utilization of borrowings

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended March 31, 2022 (Contd.)

- d. The Group has not advanced or provided loan to or invested funds in any entities including foreign entities (Intermediaries) or to any other persons, with the understanding that the intermediary shall:
    - i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (ultimate beneficiaries) or
    - ii. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
  - e. The Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
    - i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (ultimate beneficiaries) or
    - ii. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
  - f. The Group has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
57. Previous year's figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

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

**Arun Tandon**  
Partner  
Membership No. : 517273

Place : Gurugram  
Date : May 30, 2022

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

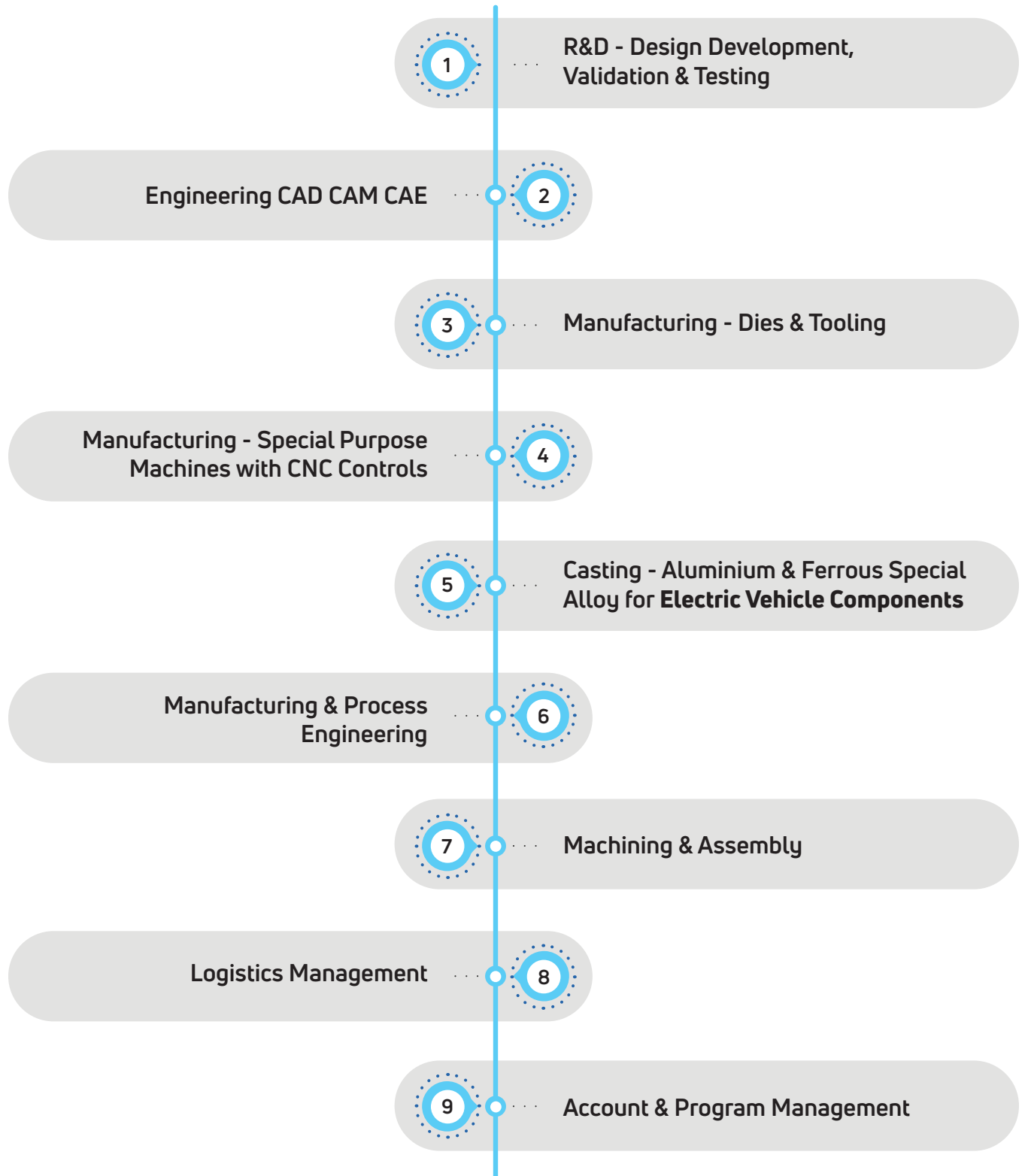
**Arvind Kapur**  
Chairman, CEO &  
Managing Director  
DIN: 00096308

**B.M Jhamb**  
Company Secretary

**Rakesh Kumar Sharma**  
Chief Financial Officer

Place : Gurugram  
Date : May 30, 2022

# Concept to Completion





**RICO AUTO INDUSTRIES LIMITED**

Registered & Corporate Office  
38 KM Stone, Delhi - Jaipur Highway  
Gurugram - 122001, Haryana (INDIA)  
Phone: +91 124 2824000, Email: [rico@ricoauto.in](mailto:rico@ricoauto.in)  
Website: [www.ricoauto.in](http://www.ricoauto.in)