

**August 31, 2019**

**ELECTRONIC FILING (THROUGH BSE LISTING CENTER)**

To  
The Department of Corporate Services/Listing  
BSE Limited  
P.J. Towers, Dalal Street, Fort  
Mumbai - 400001

(SCRIP: 537254)

**Sub: Annual Report for Financial Year 2018-19**


Dear Sir,

In pursuance of the Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report of the Company for the Financial Year 2018-19.

You are requested to take the same on records.

Thanking You,

Yours Faithfully  
For RCI Industries and Technologies Limited

  
Anand Kumar Pandey  
Company Secretary



Encl.: A/a



**RCI INDUSTRIES &  
TECHNOLOGIES  
LIMITED**

**ANNUAL REPORT  
2018-19**



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## Corporate information

### **Board of Directors**

*Mr. Rajeev Gupta - Chairman & Managing  
Director*

*Mrs. Mamta Gupta - Non-Executive Director*

*Mr. Raj Singh Jamwal - Independent Director*

*Mr. Anil kumar Jain - Independent Director*

### **Key Managerial Personnel**

*Mr. Rajeev Gupta - Chairman & Managing  
Director*

*Mr. Anand Kumar Pandey\* - Company Secretary &  
Compliance Officer*

*Mr. I.P. Saboo - Chief Financial Officer*

*\*Appointed w.e.f. July 01, 2019*

### **Nomination & Remuneration Committee**

*Mr. Raj Singh Jamwal - Chairman*

*Mr. Anil kumar Jain - Member*

*Mrs. Mamta Gupta - Member*

### **Independent Auditors**

*KRA & Co.*

*Chartered Accountants*

*H-1/208, Garg Tower,*

*Netaji Subhash Palace, Pitampura,*

*New Delhi-110034*

### **Audit Committee**

*Mr. Raj Singh Jamwal - Chairman*

*Mr. Anil kumar Jain - Member*

*Mr. Rajeev Gupta - Member*

### **Share Transfer Agents**

*Bigshare Services Private Limited*

*4E/8, 1st Floor, Jhandewalan Extn.*

*New Delhi-110055*



#### **Shareholder Grievance Committee**

*Mr. Raj Singh Jamwal - Chairman*

*Mr. Anil kumar Jain - Member*

*Mr. Rajeev Gupta - Member*

#### **Registered Office**

*B-97, All Heavens Building,*

*Wazirpur Ring Road*

*Delhi – 110052*

*Email: [abhishek@rciind.com](mailto:abhishek@rciind.com)*

*Website: [www.rciind.com](http://www.rciind.com)*

#### **CSR Committee**

*Mr. Raj Singh Jamwal - Chairman*

*Mr. Anil kumar Jain - Member*

*Mr. Rajeev Gupta - Member*

#### **Listed in Stock Exchanges**

*Bombay Stock Exchange*



## CHAIRMAN'S MESSAGE

Dear Fellow Stakeholders,

It is with enormous satisfaction I present to you the highlights of our Company's performance for the financial year ended March 31, 2019. The year 2016 has been a turning point for our Company on many counts. We have expanded the production of our Baddi unit and highly concentrated on manufacturing

Our Company has continued to maintain its strong position in the trade and manufacture of copper products. Our ability to offer a complete portfolio of flat and round products in copper, brass and to a small extent in stainless steel and special alloys has made us a preferred partner with our customers.

The focus of the company will continue to deliver value to our clients; to contribute to the manufacturing drive of the nation; give career & growth opportunities to our employees and grow profitability ultimately leading to maximization of shareholder value & return.

In the past year, we saw that the global economic scenario continue to be weak. However, India is amongst one of the fastest growing major economies in the world but growth was muted on account of various factors like policy reform setbacks, stress in Indian banking industry and lack of private sector investments amongst others. This affected growth and profitability of companies across sectors.

Seeing the trend continue, we have concentrated our efforts on bringing in efficiencies through shift towards manufacturing, investment in plant and machinery, process improvement, cost optimization and technology enhancement.

We believe that quality and innovation go hand in hand and have made significant steps in increasing are foothold as a strong contender in the copper product segment. Maintaining product quality, timely deliver and ability to cater to large volume demand are the focal points of our business strategy and we will endeavour to maintain our strengths.

In the past year, RCI acquired Devi Metal Technologies a partnership firm engaged in manufacturing copper, brass, stainless steel strips, sheets and coils. The unit is located in a tax-exempt zone at Baddi, Himachal Pradesh. The unit has state-of-the-art machinery and infrastructure to cater to special alloy products as well.

We planned to increase the production capacities of the unit in phase manner to capture the sizable market in the segment. We are confident that in the coming years, along with the growth in domestic consumption & growth in economy, we will not only emerge as a leading manufacturer in India but increase our global footprint.

### **BUSINESS PERFORMANCE:**

The consolidated financial performance for the 12 months ended March 31, 2019, is as follows:

- Total revenue from operations at Rs. 197,780 Lakhs for the year ended March 31, 2019, as against Rs. 203,734 Lakhs for the corresponding previous period.
- EBIDTA at Rs. 4565 Lakhs for the year ended March 31, 2019, as against Rs. 4037 Lakhs for the corresponding previous period.



- PAT of Rs. 3,666 Lakhs for the year ended March 31, 2019, as against Rs. 3,280 Lakhs for the corresponding previous period.
- EPS for the year ended March 31, 2019 was Rs. 27.29 for a face value of Rs. 10 per share

#### **FUTURE PLANS:**

With the Government's focus on growth of manufacturing in India we expect that the domestic consumption of copper will rise and domestic manufacturers will benefit from it. This rise in demand will come from sectors like power, telecom, automobile, railway and defense.

We are consciously shifting from trade to manufacturing. We have acquired a manufacturing unit in Baddi, Himachal Pradesh and are expanding capacity. This unit will focus on flat products which are value added products in this segment.

Going forward, we will continue to focus on value added segments and sectors such as Defence, Mint, and Aircraft industry. We will leverage our diversified network and products to further strengthen our product portfolio. Our Company also plans to manufacture a unique tape (copper and stainless steel) for industrial applications. This is currently imported.

Quality remains the core our success and we have continued and will continue to invest considerable efforts in this direction to provide high quality products to our customers. Employee engagement is another pillar of our growth strategy. I believe that our existing talent pool will enable us to outperform our peers and meet our obligations as an organization to all our stakeholders.

We are grateful for the continued support of our customers, employees, partners, shareholders, business associates and society at large, for their faith in us. We would not be able to make the progress we are making without their support. We are also fortunate to have a dedicated and conscientious Board of Directors, employees and project teams. Together, we are working diligently with one goal in mind that RCI Industries & Technologies would be known as single window solution for ferrous and nonferrous products i.e. Strips, Foils, Coils and Sheets etc.

Thank You



## DIRECTORS' REPORT

**TO,  
THE MEMBERS,**

Your Directors have pleasure in presenting the 28<sup>th</sup> (Twenty Eighth) Annual Report on the business and operations of the Company together with the audited accounts for the financial year ended March 31, 2019.

### FINANCIAL RESULTS

The financial performance of your Company for the financial year ended March 31, 2019 is summarized below:-

<i>Particulars</i>	<i>Standalone – Year Ended</i>		<i>Consolidated – Year Ended</i>	
	<i>Year ended on 31<sup>st</sup> March, 2019</i>	<i>Year ended on 31<sup>st</sup> March, 2018</i>	<i>Year ended on 31<sup>st</sup> March, 2019</i>	<i>Year ended on 31<sup>st</sup> March, 2018</i>
Revenue from Operations'	16,369,387,076	16,204,652,033	19,978,049,308	20,373,487,421
Other Income	54,196,922	46,866,996	55,939,911	66,816,957
<b>Total Income</b>	<b>16,423,583,998</b>	<b>16,251,519,028</b>	<b>20,033,989,219</b>	<b>20,440,304,378</b>
Total Expenses	16,158,421,988	16,024,854,660	19,577,475,831	20,036,566,055
Profit/(Loss) before extraordinary items and tax	265,162,010	226,664,368	456,513,388	403,738,323
Less: Tax Expenses:				
Current Tax	87,843,647	68,359,407	87,845,991	68,363,086
Deferred Tax	2,011,339	7,367,811	2,010,434	7,367,586
Minimum Alternate Tax	-	-		
<b>Profit/(Loss) for the period</b>	<b>175,307,024</b>	<b>150,937,150</b>	<b>366,656,963</b>	<b>328,007,651</b>

### RESERVES & SURPLUS

The Company's reserve & surplus for the financial year ended March 31, 2019 is Rs. 1,193,578,579 as compared to the previous year it was 1,031,122,004.

### DIVIDEND

The Company has inadequate profits during the year under review and as such your Directors do not recommend any dividend considering the need to augment the resources for operational purposes. However, your Company has already declared and paid Interim Dividend of Rupee 0.50/- per equity share in the month November 2018.





## **BUSINESS PERFORMANCE REVIEW**

The gross revenues of your Company touched Rs. 16,423,583,998\* and the profit after taxes recorded was Rs. 175,307,024\*. Your Company coupled high level of modernization with, concentrated efforts of both Management and employees, the whole hearted support of Banks, suppliers and customers to attain these levels of performance. The earnings per equity share (of face value Rs. 10) for the year 2018-19 has increased from Rs. 11.23 to Rs. 13.05. During the year under review, your Company has entered into B2C segment for production of copper cables/electrical wires under the brand name “RIKAYAA”, which will improve the profitability and future prospects of the Company.

*Note: The above figures are extracted from the audited standalone financial statements.*

### **Future Prospects**

The enhanced capacity of 24,000 MT in a manufacturing unit located in Baddi, Himachal Pradesh, is expected to be operational in FY20. The Company plans to foray into value added segments of defence and the mint in an endeavor to enhance profitability. The capacity verification and other technical eligibility of the plant have been successfully carried out and very soon your Company will be supplying materials to the ordinance factory, katni, Ministry of Defence, Government of India.

At a sectoral level, there exists tremendous growth potential for copper in India. This will come from sectors like power, telecom, automobile, railway, defence etc. Reports indicate that the domestic copper usage will double in India by next decade driven by Government initiatives and increased consumption. Barring unforeseen circumstances the company is confident of achieving better results in the current year.

## **SUBSIDIARIES AND ASSOCIATES**

### ***Subsidiary in Dubai***

Your Company, upon the approval of Board of Directors, incorporated a wholly owned subsidiary in Dubai Multi Commodities Centre Authority under the name and style of “RCI World Trade Link DMCC” for trading of Ferrous and Non-Ferrous Metal products, on February 10, 2014 with a share capital of AED 50,000 divided into 50 shares of value AED 1,000 each. RCI World Trade Link DMCC has commenced the operations under the requisite licenses and permissions obtained from regulatory authorities.

### ***Subsidiary in India***

Your Company, upon the approval of Board of Directors, incorporated a wholly owned subsidiary under the name and style of “RCI Skills & Social Development Private Limited” for providing Vocational training, Skills and other Social Development activities towards CSR on September 29, 2014 with a paid-up share capital of Rs. 1,00,000 divided into 10,000 equity shares of Rs. 10 each.

### ***Associate Companies***

Your Company has 2 Associate Companies in the name of “Metalrod Private Limited” and “Ace Matrix Solutions Limited” as at March 31, 2019.

## **Consolidated Financial Statements**

In compliance with the applicable provisions of the Companies Act, 2013 and Indian Accounting Standard (IND AS)-110 on consolidated financial statements, the Audited consolidated financial statement for the financial year ended March 31, 2019, is provided in this Annual Report.



Pursuant to Section 129(3) of the Companies Act, 2013 and Indian Accounting Standard - 110 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the Financial Statements of its Subsidiaries.

The company has not consolidated the financial statement of the associates companies (viz. Metalrod Private Limited and Ace Matrix Solutions Limited) as the applicable accounting standard for the time being in force, exempts the consolidation of financial statement of such associates because the investment in shares of associates was acquired/ made as stock in trade and the intention of such investment was to dispose of the same in near future and further Section 129 (3) of the Companies Act, 2013 read with first proviso to Rule 6 of Companies (Accounts) Rules, 2014 which states that in case of a company covered under sub section (3) of section 129 which is not required to prepare consolidated financial statements under Accounting Standards, it shall be sufficient if the company complies with provision of Consolidated Financial Statements provided in Schedule III of the Act and the company has duly complied with provision of Schedule III of the Act by disclosing the name of associates not consolidated and reason thereof as mentioned above.

Further, a separate statement containing the salient features of the financial statements of subsidiaries and Associates of the Company in the prescribed form AOC-1 has been disclosed in the Consolidated Financial Statements. In terms of provisions of Section 136 of the Companies Act, 2013, the Company shall place separate audited accounts of the Subsidiary Companies on its website.

The Company will make available physical copies of these documents upon request by any shareholder of the Company/ subsidiary interested in obtaining the same.

These documents shall also be available for inspection at the registered office of the Company during business hours up to the date of ensuing AGM.

### **SHARE CAPITAL**

During the year under review, the paid up equity share capital of the Company as on March 31, 2019 was Rs. 13,43,64,150/- (Rupees Thirteen Crores Forty Three Lakhs Sixty Four Thousand One Hundred and Fifty only) divided in to 1,34,36,415 (One Crore Thirty Four Lakhs Thirty Six Thousand Four Hundred And Fifteen only) equity shares of Rs. 10/- each.

Further, there was no public issue, rights issue, bonus issue etc. during the year under review. The Company has not issued shares with differential voting rights, sweat equity shares nor has it granted any stock options.

Further, the authorised share capital of the Company is Rs. 250,000,000 (Rupees Twenty Five Crore) divided into 25,000,000 (Two Crore Fifty Lac) Equity Shares of Rs. 10/- each.

### **LISTING**

Your Company's fully paid-up equity shares continue to be listed and traded on BSE Limited ('BSE'). The said Stock Exchange has nation-wide trading terminals and hence facilitates the Shareholders/Investors of the Company in trading the Shares. The Company has paid the annual listing fee for the Financial Year 2019-20 to the said Stock Exchange.

### **DEPOSITORIES**

Your Company has arrangements with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'), the Depositories, for facilitating the members to trade in



the fully paid up equity shares of the Company in Dematerialized form. The Annual Custody fees for the Financial Year 2019-20 has been paid to both the Depositories.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

During the year under review, your Company has complied with all the provisions of Secretarial Standards issued by the Institute of Company Secretaries of India (“ICSI”) in consultation with Central Government which are mandatory to be complied by the Company.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Statement for the year under review as provided under Listing Regulations is separately attached hereto and forms a part of this Annual Report.

### **CORPORATE SOCIAL RESPONSIBILITY**

The applicability of concept of Corporate Social Responsibility on the Company commenced from the financial year 2016-17, as the turnover of the Company crossed Rs. 1,000 Crore in the financial year 2015-16. Accordingly, pursuant to Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee (CSR Committee). The CSR Committee comprises of two Independent Directors and the Managing Director. The Committee had given their recommendation to incur the CSR expenses through its wholly owned subsidiary named “RCI Skills & Social Development Private Limited” and identified the areas of Vocational Skills especially among children as specified under Schedule VII of the Companies Act, 2013 as primary focus area.

Accordingly, your Company has spent Rs. 28 Lakh in the financial year 2018-19. The Annual Report on CSR Activities is attached as ‘ANNEXURE-5’.

### **CORPORATE GOVERNANCE**

Corporate Governance refers to a set of systems, procedures and practices which ensure that the company is managed in the best interest of all corporate stakeholders i.e. shareholders, employees, suppliers, customers and society in general. Fundamentals of Corporate Governance include transparency, accountability and independence.

Your Company views Corporate Governance more as a way of business life than a mere legal obligation. The Company has adopted various practices of governance confirming to highest ethical and responsible standard of business, globally benchmarked. Strong and effective implementation of governance practices in the Company have been rewarded in terms of improved share valuations, stakeholder’s confidence, market capitalization, etc.

A certificate from Practising Company Secretary regarding compliance of the conditions of Corporate Governance, as stipulated under Schedule V of the Listing Regulations is attached as “ANNEXURE-8” and forms part of this Report.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

#### **Directors**

As on 31st March, 2019, your Board comprises of 4 Directors including 2 Independent Directors.



Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every AGM. Consequently Mrs. Mamta Gupta (DIN 00503302),

Director will retire by rotation at the ensuing AGM, and being eligible, offer herself for re-appointment in accordance with provisions of the Companies Act, 2013.

A brief resume of the Director proposed to be re-appointed, the nature of her expertise in specific functional areas, names of companies in which he holds Directorships, committee memberships/ chairmanships, their shareholding etc., are furnished in the explanatory statement to the notice of the ensuing AGM. The Directors recommend her re-appointment at the ensuing AGM.

Further, there were no changes in the Directorship of the Company.

The Company has received necessary declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and the Listing Regulations.

### **Board Diversity**

As on March 31, 2019, your Board comprises of 4 Directors including 2 Independent Directors and 1 Woman Director. The Company recognizes and embraces the importance of a diverse Board in its success. The Board has also adopted the Board Diversity Policy.

### **Board Meetings**

The Board met 17 times during the Financial Year 2018-19, the details of which are given in the Corporate Governance Report which forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and Listing Regulations.

### **Key Managerial Personnel**

In compliance with the requirements of Section 203 of the Companies Act, 2013, Mr. Rajeev Gupta, Managing Director and Chairman, Mr. Raman Singh, Company Secretary and Mr. Inder Prakash Saboo, Chief Financial Officer of the Company are the Key Managerial Personnel of the Company.

Further, Mr. Raman Singh, was appointed as Company Secretary on 28<sup>th</sup> February, 2019 in place of Abhishek Kedia.

### **Policy on Directors' appointment and Policy on remuneration**

Pursuant to Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the Policy on appointment of Board members including criteria for determining qualifications, positive attributes, independence of a Director and the Policy on remuneration of Directors, KMP and other employees is attached as 'ANNEXURE- 2' to this Report.

It is thereby, affirmed that remuneration paid to the Directors, Key Management Personnel and other employees is as per the Remuneration Policy of the Company.

### **Performance Evaluation of the Board, its Committees and Individual Directors**

Pursuant to applicable provisions of the Companies Act, 2013 and the SEBI (LODR), 2015, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing,



inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors.

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, matters addressed in the Board and Committee meetings, processes followed at the meeting, Board's focus, regulatory compliances and Corporate Governance, etc.

Similarly, for evaluation of Individual Director's performance, the questionnaire covers various aspects like his/ her profile, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc. Board members had submitted their response on a scale of 5 (excellent) – 1 (poor) for evaluating the entire Board, respective Committees of which they are members and of their peer Board members, including Chairman of the Board. The Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of executive and Non-Executive Directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance. The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever the respective term expires.

The Directors expressed their satisfaction with the evaluation process.

### **Familiarisation Programme for Independent Directors**

The Company conducts Familiarization Programme for the Independent Directors to enable them to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Company. They are given full opportunity to interact with senior management personnel and are provided with all the documents required and/or sought by them to have a good understanding of the Company, its business model and various operations and the industry, it is a part.

The Policy on Familiarisation Programme for Independent Directors is also available on the Company's website [www.rciind.com](https://www.rciind.com/about-us/management-team/familiarisation-programme-for-independent-directors/) under the web link <https://www.rciind.com/about-us/management-team/familiarisation-programme-for-independent-directors/>

Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining their duties and responsibilities as a Director.

### **Committees of Board**

Currently, the Board has Four standing Committees viz. Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Audit Committee of the Board comprises of 3 (Three) members, with Mr. Raj Singh Jamwal, Non-Executive Independent Director, as its Chairman. During year under review, all recommendations of the Audit Committee were accepted by the Board of Directors of the Company.



Details of the constitution of these Committees, which are in accordance with regulatory requirements, have been uploaded on the website of the Company viz. [www.rciind.com](http://www.rciind.com). A detailed note on the Board and its Committees is provided under the Report on Corporate Governance section.

### **Whistle Blower Policy/ Vigil Mechanism**

The Board has adopted a Whistle Blower Policy (Vigil Mechanism) to provide opportunity to Directors/Employees/Stakeholders of the Company to report concerns about unethical behavior, actual or suspected fraud of any Director and/or Employee of the Company or any violation of the Code of Conduct.

Further during the year under review, no case was reported under the Vigil Mechanism.

### **AUDITORS**

#### **Statutory Auditors**

At 27<sup>th</sup> Annual General Meeting held on Friday, 20<sup>th</sup> July, 2018, M/s. KRA & Co., Chartered Accountants (Firm Registration No: 020266N) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of 27<sup>th</sup> Annual General Meeting till the conclusion of 32<sup>nd</sup> Annual General Meeting subject to ratification of their appointment at every Annual General Meeting.

Your Company has received a letter from M/s. KRA & Co., Chartered Accountants (Firm Registration No: 020266N) to the effect that their appointment, if made, would be under the second and third proviso to Section 139 (1) of the Companies Act, 2013 and that they are not disqualified within the meaning of Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

The Audit Report given by M/s. KRA & Co., Statutory Auditors for the financial year 2018-19, forming part of this Annual Report.

#### **Secretarial Auditor**

During the year under review, the Board re-appointed Ms. Kiran, Practicing Company Secretary, proprietor of M/s. Kiran & Associates, Company Secretaries, as the Secretarial Auditor of the Company to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit was carried out in compliance with Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Report thereon in the prescribed form MR-3 is attached as 'ANNEXURE-3'.

*The reports of Statutory Auditor and Secretarial Auditor forming part of this Annual report do not contain any qualification, reservation or adverse remarks. During the year the Statutory Auditors have not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under the applicable provisions of the Act.*

#### **Internal Auditors**

M/s Kiran & Associates, Practicing Company Secretary performs the duties of internal auditors of the Company and their report is reviewed by the audit committee from time to time.





## **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return as on March 31, 2019 in the prescribed Form No. MGT-9, pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is attached as 'ANNEXURE-1' to this Report.

The Annual Return of the Company as required under Companies Act, 2013, will be available on the website of the Company at the following link: <https://www.rciind.com/>

## **DISCLOSURES**

**Particulars of loans, guarantees or investments:** Pursuant to the provisions of Section 186 of companies act, 2013 the particulars of loans, guarantees or investments are mentioned in Note No. 4 & 5 to the Standalone Financial Statements forming the part of annual report.

**Borrowings and Debt Servicing:** During the year under review, your Company has met all its obligations towards repayment of principal and interest on loans availed.

**Related Party Transactions:** None of the transactions with related parties fall under the scope of Section 188(1) of the Companies Act, 2013. All transactions with related parties entered during the year were in the Ordinary Course of Business and on Arm's Length and duly approved by Audit Committee of the company. The company has not entered into any transaction of a material nature with any of the related parties which are in conflict with the interest of the company.

However, as required under Companies Act, 2013 the details of related party transactions are disclosed in prescribed Form No. AOC – 2 which is attached as **ANNEXURE-4**.

Also, you may refer to Related Party transactions in Note No. 32 of the Standalone Financial Statements.

**Deposits:** Your Company has neither invited nor accepted any public deposit under chapter V of the Companies Act, 2013.

**Sexual harassment:** The Company has zero tolerance for Sexual Harassment at workplace and has adopted a Policy on prevention of Sexual Harassment in line with the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013' and the Rules made thereunder. There was no complaint on sexual harassment during the year under review.

**Regulatory Orders:** No significant or material orders were passed by the regulators or courts or tribunals which impact the going concern status and Company's operations in future.

**Material changes and commitments affecting the financial position of the Company:** There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

**Buy Back of Securities:** The Company has not made any offer for buy back of its securities during the year under review.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

### **Conservation of Energy**



Your Company, being a manufacturer, trader and exporter of Ferrous and Non-Ferrous Metal products, requires minimal energy consumption and every endeavor is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible.

### **Technology Absorption**

In its endeavor to deliver the best to its customers, clients and business partners, your Company is constantly active in harnessing and tapping the latest and best technology in the industry.

### **Foreign Exchange Earning & Outgo**

Particulars of Foreign Exchange Earnings and Outgo during the financial year is mentioned in the financial accounts forming part of the Annual report.

### **PARTICULARS OF EMPLOYEES**

As on March 31, 2019, the total numbers of employees on the records of the Company were 320. The information required under Section 197 of the Companies Act, 2013 ('Act') read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, along with statement showing names and other particulars of the top 10 employees in terms of remuneration drawn is annexed to this report as 'ANNEXURE-6'.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors confirm:

- a. That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- b. That they had selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. That they had taken proper and sufficient care 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 for preventing and detecting fraud and other irregularities;
- d. That they had prepared the annual accounts on a going concern basis;
- e. That they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. That they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **RISK MANAGEMENT SYSTEM & INTERNAL CONTROL SYSTEMS**

Your Company has an effective internal control and risk mitigation system, which is constantly assessed and strengthened with standard operating procedures (SOPs) and which ensures that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. The Company has laid down procedures to inform audit committee and board about the risk assessment and mitigation procedures, to ensure that the management controls risk through means of a properly defined framework. The internal control systems of your Company ensures that all





assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

Your Company has in place adequate internal financial controls with reference to financial statements. Based on internal financial control framework and compliance systems established in the Company, the work performed by statutory, internal and secretarial auditors and reviews performed by the management and/or relevant Audit and other Committees of the Board, your Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2018-19. During the year, no reportable material weakness in the design or operation was observed.

Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Company also has an Audit Committee, presently comprising of 3 (three) Members i.e. professionally qualified Directors, who interact with the Statutory Auditors, Internal Auditors and Auditees in dealing with matters within its terms of reference. The Committee inter alia deals with accounting matters, financial reporting and internal controls which also periodically reviews the Risk Management Process.

#### **INSIDER TRADING CODE**

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('the PIT Regulations') on prevention of insider trading, your Company had instituted a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Insiders. The said Code lays down guidelines, which advise Insiders on the procedures to be followed and disclosures to be made in dealing with the shares of the Company and cautions them on consequences of non-compliances.

Your Company has further put in place a Code of practices and procedures of fair disclosures of unpublished price sensitive information. Both the aforesaid Codes are in line with the PIT Regulations.

#### **INDUSTRIAL OPERATIONS**

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the leadership position in the industry. It has taken various steps to improve productivity across the organization.

#### **MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Bank i.e. March 31, 2019 and the date of the Directors' Report.

#### **CAUTIONARY STATEMENT**

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations and actual results might differ.



### **ACKNOWLEDGEMENT**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

**For and on behalf of the Board**

**Sd/-**

**Mr. Rajeew Gupta**

**Chairman & Managing Director**

**DIN: 00503196**

**Place: New Delhi**

**Date: 24.05.2019**



## ANNEXURES TO DIRECTOR'S REPORT

### FORM MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2019

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

CIN	L74900DL1992PLC047055
Registration Date	7 <sup>th</sup> January, 1992
Name of the Company	RCI INDUSTRIES & TECHNOLOGIES LIMITED
Category / Sub-Category of the Company	Company Limited by Shares
Address of the Registered Office and contact details	B-97 , All Heavens Building , Wazirpur Ring Road , Delhi-110052; Tel: +91 11 2737 2194
Whether listed company	Yes
Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	Big Share Services Private Limited 4E/8, 1 <sup>st</sup> Floor, Jhandewalan Extension, New Delhi-110055; Tel: +91 11 2352 2373; Website: www.bigshareonline.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Copper & Brass Products	27201	99.67%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	RCI Skills And Social Development Private Limited B-97, All Heavens Building, Wazirpur Ring Road, Delhi-110052	U85100DL2014PTC272102	Subsidiary	100	2(87)
2.	RCI World Trade Link DMCC, Dubai(U.A.E.)	N/A	Subsidiary	100	2(87)
3.	Ace Matrix Solutions Limited B-97, All Heavens Building, Wazirpur Ring Road, Delhi-110052	U74899DL2000PLC103256	Associate	22	2(6)





Sub Total:(B)(1)	200	0	200	0.00	200	0	200	0.00	0
(2). Non Institutions									
<b>a) Bodies Corporates</b>									
i) Indian	560077	0	560077	4.17	1140417	0	1140417	8.49	4.32
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs.2 Lac	1818763	2801	1821564	13.56	2230111	2801	2232912	16.62	03.06
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 Lac	1837582	0	1837582	13.67	1294182	0	1294182	9.63	(4.04)
c)Others (HUF)	330757	0	330757	2.46		0	588	0.004	(2.456)
Clearing Members	166795	0	166795	1.24	82170	0	82170	0.61	(0.63)
Non Resident Indians	142825	0	142825	1.06	109331	0	109331	0.81	(0.25)
Overseas Corporate Bodies	0	0	0	0	0	0	0	-	0
Trusts	0	0	0	0	588	0	0.00	-	0.00
<b>Sub Total:(B)(2)</b>	<b>4856799</b>	<b>2801</b>	<b>4859600</b>	<b>36.17</b>	<b>4856799</b>	<b>2801</b>	<b>4859600</b>	<b>36.17</b>	<b>0.05</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>4856999</b>	<b>2801</b>	<b>4859800</b>	<b>36.17</b>	<b>4856999</b>	<b>2801</b>	<b>4859800</b>	<b>36.17</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	-	0
<b>Grand Total (A+B+C)</b>	<b>13433615</b>	<b>2801</b>	<b>13436415</b>	<b>100</b>	<b>13433614</b>	<b>2801</b>	<b>13436415</b>	<b>100</b>	<b>0.00</b>

**(ii). Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Mamta Gupta	569090	4.24	-	569090	4.24	-	-
2	Rajeev Gupta	4764720	35.46	-	4764720	35.46	-	-



3	Hembala Gupta	30	0.00	-	30	0.00	-	-
4	Ritika Gupta	2625	0.01	-	2625	0.01	-	-
5	Blossom Impex Private Limited	30000	0.22	-	30000	0.22	-	-
6	Ace Matrix Solutions Limited	1751900	13.04	-	1751900	13.04	-	-
7	Kay Kay Exim Private Limited	50000	0.37	-	50000	0.37	-	-
8	Metalrod Private Limited	812500	6.05	-	812500	6.05	-	-
9	Ace Trade Solutions Private Limited	595750	4.43	-	595750	4.43	-	-

**(iii). Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	8576615	63.83	8576615	63.83
2	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / Transfer / bonus / sweat equity etc):	-	-	-	-
3	At the end of the year	8576615	63.83	8576615	63.83

**(iv). Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1280000	9.53	1280000	9.53



2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	1. Increase through online trade on BSE by public shareholder	237628	1.76	237628	1.76
3	At the end of the year	15,17,628	11.29	15,17,628	11.29

**(v). Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year:	5333810	39.70	5333810	39.70
2	Date wise Increase /Decrease in Share holding during the year	-	-	-	-
3	At the end of the year:	5333810	39.70	5333810	39.70

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
<b>Short Term:</b>				
i) Principal Amount	1,154,383,717	-	-	1,154,383,717
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Long Term</b>				
i) Principal Amount	-	52,373,297	-	52,373,297
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total</b>	1,154,383,717	52,373,297	-	1,206,757,014
<b>Change in Indebtedness during the financial year</b>				
<b>Short Term</b>				
Addition	-	-	-	-



Reduction	44,956,435	-	-	44,956,435
<b>Long Term</b>				
Addition	-	318,432,368	-	318,432,368
Reduction	-	-	-	-
<b>Net Change</b>	(44,956,435)	318,432,368		273475933
<b>Indebtedness at the end of the financial year</b>				
<b>Short Term</b>				
i) Principal Amount	1,109,427,282	-	-	1,109,427,282
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Long Term</b>				
i) Principal Amount	-	370,805,665	-	370,805,665
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total</b>	<b>1,109,427,282</b>	<b>370,805,665</b>	<b>-</b>	<b>1,480,232,947</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Rajeev Gupta Managing Director	
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,800,000	4,800,000
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		





	- as % of Profit	-	-
	- others (specify)	-	-
5	Others, please specify	-	-
	<b>Total</b>	<b>4,800,000</b>	<b>4,800,000</b>
	Ceiling as per the Act	5% of the Net Profits as per Section 198 of the Companies Act, 2013	

**A. Remuneration to other directors**

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	<b>Independent Directors</b>	<b>Raj Singh Jamwal</b>	<b>Anil Kumar Jain</b>	
	a) Fee for attending board / committee meetings	None		
	b) Commission	None		
	c) Others, please specify	None		
	<b>Total (1)</b>	None		
2	<b>Other Non-Executive Directors</b>	<b>Mamta Gupta</b>		
	a) Fee for attending board / committee meetings	None		
	b) Commission	None		
	c) Others, please specify	None		
	<b>Total (2)</b>	None		
	Total (B)=(1+2)	None		
	<b>Total Managerial Remuneration</b>			<b>4,800,000</b>
	Overall Ceiling as per the Act	11% of the Net Profits as per Section 198 of the Companies Act, 2013		

**B. Remuneration to Key Managerial Personnel other than MD / Manager/ WTD**



Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Company Secretary	CFO	
1	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,02,000*	1,200,000	25,02,000
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-		-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-		-
2	Stock Option	-		-
3	Sweat Equity	-		-
4	Commission	-		-
	- as % of Profit			
	- others (specify)			
5	Others, please specify	-		-
	<b>Total</b>	<b>13,02,000</b>	<b>1,200,000</b>	<b>25,02,000</b>

\*Abhishek kedia Resigned as Company Secretary on 28.02.2019.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					



Penalty	None
Punishment	
Compounding	
B. Directors	
Penalty	None
Punishment	
Compounding	
C. Other Officers in Default	
Penalty	None
Punishment	
Compounding	



## **ANNEXURE-2**

### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS (EXCLUDING INDEPENDENT DIRECTORS), KMP AND SENIOR MANAGEMENT**

#### **Preliminary**

Director's appointment is subject to the fulfillment of the following terms & conditions:

1. So long as they are Directors of the Company, the number of companies in which they hold office as a Director or a chairman or committee member will not exceed the limit stipulated under the Act.
2. So long as they are Directors of the Company, they will ensure that they do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.
3. They will ensure compliance with other provisions of the Act and the listing Agreement as applicable to them as a Director.

#### **Term / Tenure**

##### ***Executive Director:***

The Company shall appoint or re-appoint any person as its Managing Director/WTD for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### ***Non-Executive Directors:***

The Company shall appoint or re-appoint any person as its Non-Executive Director for a term as it may deem fit subject to their retirement and re-appointment as per the applicable provisions of the Act.

#### **Committees**

They will be appointed as Chairman and/or Member on the following Committees of the Board:

**(I) AUDIT COMMITTEE**

**(II) NOMINATION AND REMUNERATION COMMITTEE**

**(III) SHAREHOLDERS GRIEVANCE COMMITTEE**

**(IV) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

#### **Code of Conduct**

They will abide by the Code of Conduct and Ethics applicable to Directors as available on the website of the company.

#### **Performance Evaluation**

The overall effectiveness of the Board shall be measured on the basis of the ratings obtained by each Director and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the Directors of the Company.



The Independent Directors shall take into consideration the following parameters for the purpose of evaluating the performance of Board of Directors. The evaluation scale is a simple two point scale i.e. *SATISFACTORY OR UNSATISFACTORY*.

Their reappointment or extension of term and their remuneration will be recommended by the Nomination and Remuneration Committee of the Board, pursuant to a performance evaluation carried out by Independent Directors on the basis of following specific issues and questions:

1. Attendance, participations in the Meetings and timely inputs on the minutes of the meetings.
2. Adherence to ethical standards & code of conduct of Company.
3. Compliance with policies, reporting of frauds, violation etc. and disclosure of interest.
4. Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information.
5. Violation of provisions of the Companies Act 1956 or 2013 by the Directors, if any.
6. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board.
7. Composition/Constitution of Board of Directors.

Based on the above criteria Board has to be assessed by giving a rating of *SATISFACTORY OR UNSATISFACTORY*.

The process of evaluation shall be done by Independent Directors only. Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

### **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **Remuneration policy for Executive Directors (Whole-time/ Managing Director) and KMP**

#### **a) Fixed pay:**

The Executive Directors and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

#### **b) Minimum Remuneration:**



If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**c) Provisions for excess remuneration:**

If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**Remuneration to Non- Executive Directors (excluding Independent Director)**

**a) Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

**b) Sitting Fees:**

The Non- Executive Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as per the applicable provisions of the Companies Act, 2013

**c) Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

The Company aspires to pay performance linked remuneration to its Directors, Key Managerial Personnel and other employees. It will be ensured that the remuneration is determined in such away there exists a fine balance between fixed and incentive pay. The Directors of the Company may also waive off their remuneration and sitting fees if they deem fit.



## **POLICY FOR APPOINTMENT AND REMOVAL / FORMATION OF TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

The Committee has established the following independence review procedures and criteria to evaluate the independence of Directors.

### **Preliminary**

Independent Director's appointment is subject to the following terms & conditions:

1. During their tenure as an Independent Director, they will have to submit a declaration at the beginning of every Financial Year under Section 149 (7) of the Companies Act, 2013 ("Act") stating that they meet the criteria of Independence.
2. So long as they are Independent Director of the Company, the number of companies in which they hold office as a Director or a chairman or committee member will not exceed the limits stipulated under the Act and the Listing Agreement.
3. So long as they are Independent Director of the Company, they will ensure that they do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.
4. They will ensure compliance with other provisions of the Act and the listing Agreement as applicable to them as an Independent Director.

### **Term**

Their Appointment will be for a term of 5 years and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

### **Committees**

They will be appointed as chairman and/or member on the following Committees of the Board:

- I) **AUDIT COMMITTEE**
- II) **NOMINATION AND REMUNERATION COMMITTEE**
- III) **SHAREHOLDERS GRIEVANCE COMMITTEE**
- IV) **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

### **Code of Conduct and Duties and Responsibilities**

1. They will abide by the Code of Conduct and Ethics applicable to Directors as available on the website of the company.
2. They will abide by the guidelines of professional conduct, role, function and duties as an Independent Directors provided in Schedule IV of the Companies Act, 2013.
3. They will not hold office as a Director or any other office in a competing firm/entity.
4. They are expected to stay updated on how best to discharge their roles, responsibilities, and duties and liabilities, as an Independent Director of the Company under applicable law, including keeping abreast of



current changes and trends in economic, political, social, financial, legal and corporate governance practices.

5. They are expected to:

- (i) Take decisions objectively and solely in the interests of the Company;
- (i) Facilitate Company's adherence to high standards of ethics and corporate behavior;
- (ii) Guide the Board in monitoring the effectiveness of the Company's governance Practices and to recommend changes, required if any;
- (iii) Guide the Board in monitoring and managing potential conflicts of interest of Management, Board Members and Stakeholders, including misuse of corporate asset and abuse in related party transactions
- (iv) Guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards

### **Performance Evaluation**

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of Independent directors. The evaluation scale is a simple two point scale i.e. *SATISFACTORY OR UNSATISFACTORY*.

Their reappointment or extension of term and their remuneration will be recommended by the Nomination and Remuneration Committee of the Board, pursuant to a performance evaluation carried out by the Board on the basis of following specific issues and questions:

1. Attendance and Participation.
2. Pro-active and positive approach with regard to Board and Senior Management.
3. Maintaining confidentiality.
4. Acting in good faith and in the interest of the company as a whole.
5. Exercising duties with due diligence and reasonable care.
6. Complying with legislations and regulations in letter and spirit.
7. Openness to ideas, perspectives and opinions and ability to challenge old practices and throwing up new ideas for discussion.
8. Maintaining relationships of mutual trust and respect with Board members.
9. Capacity to effectively examine financial and other information on operations of the company and the ability to make positive contribution thereon.

The evaluation of Independent Directors shall be done by the Board. Based on the above criteria Independent Directors has to be assessed by giving a rating of *SATISFACTORY OR UNSATISFACTORY*.

### **Remuneration**

1. Their annual remuneration will be as under:

- (a) sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time, and





(b) profit related commission, if any, determined by the Board and if approved by members will be payable at the end of each financial year based upon the performance of the Company and upon the performance of Independent Directors which will be evaluated by the Board of Directors.

2. They will be entitled to reimbursement of expenses incurred by them in connection with attending the Board meetings, Board Committee meetings, general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of pocket expenses.
3. Pursuant to applicable law, they will not be entitled to any stock options.

#### **Changes of personal details**

During the term, they shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

#### **Miscellaneous**

1. They will have access to confidential information, whether or not the information is marked or designated as “confidential” or “proprietary”, relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), (“Confidential Information”).

They shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information. If any Confidential Information is required to be disclosed by them in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.



### **ANNEXURE-3**

#### **FORM NO. MR-3**

#### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

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

**To,  
The Members,  
RCI Industries & Technologies Limited  
B-97, Wazirpur Industrial Area,  
Delhi – 110052**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by RCI Industries & Technologies Limited (hereinafter called the company). 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 RCI Industries & Technologies Limited, 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, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by RCI Industries & Technologies Limited (“the company”) for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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 there under;
- (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;
- (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, 1992;



- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- ***Not Applicable during this Audit Period***
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009- ***Not Applicable during this Audit Period***
- (h) The Securities and Exchange Board of India (Buy back of securities) Regulations, 1998- ***Not Applicable during this Audit Period***
- (vi) As per information provided by the management, the following laws as applicable specifically to the company:
  - (a) Income Tax Act, 1961;
  - (b) Custom Law, 1962;
  - (c) Central Excise Act,
  - (d) Applicable Sales Tax Act,
  - (e) Goods & Service Tax Act, 2017
  - (e) Environmental Protection Act, 1986

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 Bombay Stock Exchange.

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 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 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 process in the company commensurate with the size and operations of the company to monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not made specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

**Place: New Delhi**  
**Date: 24.05.2019**

**For Kiran & Associates**  
Company Secretaries  
**Sd/-**  
**Kiran (Proprietor)**  
Membership No. 37306  
Certificate of Practice No. 14168



## ANNEXURE-4

### 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

1	Name(s) of the related party and nature of relationship	Not applicable
2	Nature of contracts/ arrangements/ transactions	Not applicable
3	Duration of the contracts / arrangements/ transactions	Not applicable
4	Salient terms of the contracts or arrangements or transactions including the value, if any	Not applicable
5	Justification for entering into such contracts or arrangements or transactions	Not applicable
6	Date(s) of approval by the Board	Not applicable
7	Amount paid as advances, if any	Not applicable
8	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not applicable

#### 2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS

1	Name(s) of the related party and nature of relationship	As per Notes no. 32 of Notes to accounts forming part of Annual Report
2	Nature of contracts/ arrangements/ transactions	As per Notes no. 32 of Notes to accounts forming part of Annual Report
3	Duration of the contracts / arrangements/ transactions	As per Notes no. 32 of Notes to accounts forming part of Annual Report
4	Salient terms of the contracts or arrangements or transactions including the value, if any	As per Notes no. 32 of Notes to accounts forming part of Annual Report
5	Date(s) of approval by the Board, if any	As per Notes no. 32 of Notes to accounts forming part of Annual Report
6	Amount paid as advances, if any	As per Notes no. 32 of Notes to accounts forming part of Annual Report

**By Order of the Board of Directors**  
**For RCI Industries & Technologies Limited**  
 Sd/-  
**Rajeev Gupta**  
**Chairman & Managing Director**  
**DIN 00503196**



**ANNEXURE-5**  
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)**

1. **A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

Pursuant to Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee of the Board had approved a CSR Policy with primary focus on Vocational skills etc. The CSR policy is available on the website of the Company [www.rciind.com](http://www.rciind.com).

2. **The Composition of the CSR Committee:**

The CSR Committee of the Board of Directors comprises of 3 Directors. Mr. Raj Singh Jamwal, Independent Director is the Chairman of the Committee while Mr. Anil Kumar Jain, Independent Director and Mr. Rajeev Gupta, Chairman & Managing Director are its members.

3. **Average net profit of the Company for last three financial years:** 1280.71 Lakh

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above) for FY 2018-19:**

Rs. 25.61 Lakh

5. **Details of CSR spent during Financial Year 2018-19**

Particulars	Amount (In Rs.)
Total amount spent for the financial year 2018-19	Rs. 28.00 Lakhs
Amount unspent, if any	NIL
Manner in which the amount spent during the financial year 2018-19	Through Wholly owned Subsidiary namely RCI Skills & Social Development Private Limited Under various Vocational Skills Project etc.

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount:**

Not Applicable

7. **Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

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

Place: New Delhi  
Dated: 24.05.2019

Sd/-  
**Rajeev Gupta**  
Chairman & Managing Director  
DIN: 00503196

Sd/-  
**Raj Singh Jamwal**  
Chairman, CSR Committee  
DIN: 06698519



## ANNEXURE-6

### Disclosures pertaining to remuneration and other details 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

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

<i>Sl. No.</i>	<i>Name of Director &amp; Designation</i>	<i>Ratio of remuneration of each Director to median remuneration of employees</i>
1.	Mr. Rajeev Gupta Managing Director	7.65:1.00

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year

<i>Sl. No.</i>	<i>Name of Director &amp; KMP</i>	<i>Designation</i>	<i>% increase in remuneration of Director &amp; KMP</i>
1.	Mr. Rajeev Gupta	Managing Director	Nil
2.	Mr. I.P. Saboo	Chief Financial Officer	Nil
3.	Mr. Abhishek Kedia	Company Secretary	37.5*

\* Mr. Abhishek Kedia held the post of Company Secretary till 28<sup>th</sup> February, 2019.

(iii) The percentage increase in the median remuneration of employees in the financial year – 130.45%\*

(iv) The number of permanent employees on the rolls of company - 320

(v) 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 annual increase in the salaries of employees during the year was 15% whereas there was no significant change in the managerial remuneration (Managing Director's remuneration) during the financial year 2018-19.

(vi) Affirmation that the remuneration is as per the remuneration policy of the company

The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

\*Due to the drastic increase in the no. of employees from the last financial year, the percentage increase in the median remuneration of employees exceeds 100%.



**Statement showing the names and other particulars of the top ten employees in terms of remuneration drawn as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

<i>Sl. No.</i>	<i>Name</i>	<i>Age (Yrs)</i>	<i>Designation/ Nature of Duties</i>	<i>Total Remuneration (in Rs.)</i>	<i>Educational Qualification</i>	<i>Experience (in years)</i>	<i>Date of Joining</i>	<i>Previous Employment</i>
1	Rajendra Yawalkar	53	V.P. Plant	18,00,000	B.Sc	31	01.10.16	Arcotech Limited
2	Shefali Chopra	35	Senior Banking Manager	10,80,000	B.Com (Hons)	9	15.01.2018	-
3	Subhash Mishra	48	General Manager-Accounts	10,99,992	B.Com (Hons)	26	16.08.2018	HPL Electrical Private Ltd
4	Abhishek Kedia	30	Company Secretary	12,10,000	CS and LLB	4	18.03.14	-
5	Sanjay Kumar Tomar	53	Manager-Maintenance	9,84,000	B.E. Mechanical	30	11.11.07	Devi Metal Technologies Limited
6	Pooja Chaudhary	28	Finance Manager	7,80,000	CA, LLb, B.Com	4	06.04.2015	-
7	Raj Mani Verma	49	Sr. Manager Project & Maintenance	12,99,900	B.E Mechanical	20	01.11.2018	Bitro Industries Private Ltd
8	Y.K. Sharma	54	Manager-Sales	7,62,000	M.A. BED	27	01.04.13	Devi Metal Technologies Limited
9	Rewa Yawalkar	52	Manager-Administration	7,20,000	M.A. Home Science	17	01.10.16	Rimjhim Stainless Steel
10	Rajesh Kumar	47	Manager-Electrical	9,60,000	Diploma in Electrical	26	22.06.17	Ilasakaa Steels

**Notes:**

1. None of the Employees named above is relative of any Director of the Company
2. None of the Directors hold any Equity Shares in the Company

**For and on behalf of the Board of Directors**

**Sd/-**

**Rajeev Gupta**

**Chairman and Managing Director**

**DIN: 00503196**

**Date: 24.05.2019**

**Place: New Delhi**





## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which define the manner of operations of a Company in the various facets of its operations. The elements of Corporate Governance inter alia are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and your Company always seeks to ensure that its performance goals are met accordingly. The Company's philosophy of Corporate Governance is built on timeless principles of transparency, fairness, integrity, equity and accountability. For RCI Industries & Technologies Limited, corporate governance is an ethically driven business process that is committed to values - aimed at enhancing an organization's brand and reputation.

Our governance philosophy is all encompassing and it is our constant endeavor to align our vision and business strategy with the welfare and best interest of all stakeholders. It is our firm conviction that good Corporate Governance practices are powerful enablers, which infuse trust and confidence and are able to attract and retain financial and human capital. These resources, in turn, are leveraged to maximize long-term shareholder value, on a sustainable basis. Transparency and accountability are the fundamental principles of your Company which ensures that your Company is managed and monitored in a responsible manner for 'creating and sharing value'. A transparent, ethical and responsible corporate governance framework essentially emanates from the intrinsic will and passion for good governance ingrained in the organization which has been the hallmark of your Company.

To succeed, we believe, requires highest standards of corporate behavior towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long term value for our shareholders, our people and our business partners. Strong leadership and effective corporate governance practices have been your Company's hallmark.

Corporate Governance primarily involves the establishment of structures and processes, with appropriate checks and balances that enable the Board, as collegian, to discharge their responsibilities in a manner which is beneficial to all Stakeholders. The Company's Board considers good corporate governance to be a key driver of sustainable corporate growth and long term value creation, and exercises its fiduciary responsibilities accordingly.

The Securities and Exchange Board of India (SEBI) introduced the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as 'Listing Regulations'), and as amended time to time to bring in additional Corporate Governance norms for listed entities. These norms provide for additional disclosures and preparation of various new policies such as policy for preservation of documents, policy for determining material subsidiary, policy for determination of materiality etc. Your Company is in compliance with the mandatory requirements of the Listing Regulations formulated by the Securities and Exchange Board of India ('SEBI'). This section, along with the section on 'Management Discussion and Analysis' and 'General Shareholders' Information', constitute the Company's compliance with Regulation 34 of the Listing Regulations



## BOARD OF DIRECTORS

### Composition of the Board

Your Company has a balanced and optimal Board with combination of Executive and Non-Executive Directors. The Composition of the Board as on March 31, 2019 is in conformity with Regulation 17(1) of the Listing Regulations which lays down an optimal combination of Executive and Non-Executive Directors, with at least one woman director and not less than 50 per cent of the Board comprising of Independent Directors, for a Board not chaired by Non-Executive Director.

Composition of the Board as on March 31, 2019:

Category of Directors	No. of Directors	% of total no. of Directors
Executive Director	1	25%
Non-executive Independent Director	2	50%
Other Non-executive Director	1	25%
Total	4	100%

### Number of Board Meetings

During the year under review, the Board of Directors of the Company met 17 times on 16/04/2018, 07/05/2018, 18/05/2018, 25/05/2018, 28/06/2018, 21/07/2018, 14/08/2018, 24/09/2018, 11/10/2018, 29/10/2018, 10/11/2018, 14/11/2018, 18/12/2018, 21/01/2019, 14/02/2019, 22/02/2019, 29/03/2019. The maximum gap between any two consecutive meetings was less than one hundred and twenty days as stipulated under Companies Act, 2013, Regulation 17(2) of the Listing Regulations and Secretarial Standards. The necessary quorum was present for all the meetings.

As required under the SEBI Listing Regulations, all the necessary information was placed before the Board from time to time.

### Directors' Attendance Record and their other Directorships/ Committee Memberships

As mandated by Regulation 26 of the Listing Regulations, none of the Directors is a member of more than ten Board Committees (considering only Audit Committee and Stakeholders' Relationship Committee) or Chairman of more than five Committees across all public limited companies (listed or unlisted) in which he/she is a Director. Further all Directors have informed about their Directorships, Committee memberships/ Chairmanships including any changes in their positions. Relevant details of the Board of Directors as on March 31, 2019 are given below:

Name of the Director	#Category	Attendance in Financial Year 2018-19			Number of other Directorships and Committee Memberships/ Chairmanships held*		
		Number of Board Meetings Held	Attended	Last AGM held on 20.07.2018	Other Directorships	Committee Memberships	Committee Chairmanships
Rajeev Gupta	Chairman/ PD/ED	17	17	Yes	7	2	-
Mamta Gupta	PD/NED	17	17	Yes	9	-	-
Raj Singh	ID	17	8	Yes	-	2	2



Jamwal							
Anil Kumar	ID	17	8	Yes	1	4	2
Jain							

#PD – Promoter Director; NED – Non-Executive Director; ID – Non-Executive Independent Director; ED – Executive Director

\*In accordance with Regulation 26 of the Listing Regulations, Chairmanships/Memberships of only Audit Committees and Stakeholders Relationship Committee in all Public Limited Companies (Listed and Unlisted) have been considered.

### Independent Directors

As mandated by the Listing Regulations, the Independent Directors on your Company's Board:

- Are persons of integrity and possess relevant expertise and experience, in the opinion of the Board of Directors;
- Are not a Promoter of the Company or its holding, subsidiary or associate company;
- Are not related to Promoters or Directors in the Company, its holding, subsidiary or associate company;
- Apart from receiving Director's remuneration, have or had no material pecuniary relationship with the Company, its holding, subsidiary or associate company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- Have no relative, who has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their Promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or Fifty Lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Neither themselves nor any of their relatives —
  - hold or have held the position of a Key Managerial Personnel or are or have been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which they were proposed to be appointed;
  - are or have been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which they were proposed to be appointed, of -
    - a firm of Auditors or Company Secretaries in practice or Cost Auditors of the Company or its holding, subsidiary or associate company; or
    - any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) hold together with their relatives two per cent or more of the total voting power of the Company; or
- (iv). is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty five per cent or more of its receipts or corpus from the Company, any of its Promoters, Directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;
- (v). is a material supplier, service provider or customer or a lessor or lessee of the Company;
- are not less than 21 years of age.



The Independent Directors have confirmed that they meet the criteria of independence laid down under the Companies Act, 2013 and the Listing Regulations.

### **Maximum Tenure of Independent Directors**

In accordance with Section 149(11) of the Companies Act, 2013, the current tenure of Independent Directors of the Company is for a term of 5 consecutive years from the date of their appointment.

### **Number of Independent Directorships**

In compliance with Regulation 25 of the Listing Regulations, Directors of the Company do not serve as Independent Director in more than seven listed companies. In case he/she is serving as a Whole-Time Director in any listed company, does not hold the position of Independent Director in more than three listed companies.

### **Terms and conditions of appointment of Independent Directors**

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company viz. [www.rciind.com](http://www.rciind.com).

### **Separate Meeting of Independent Director**

In accordance with Companies Act, 2013, the Independent Directors of the Company shall hold at least one meeting in a year without the presence of Non-Independent Directors and members of management.

During the year under review, separate meeting of the Independent Directors of the Company was held on January 22, 2019.

### **Familiarisation Program for Independent Directors**

The Company conducts Familiarization Programme for the Independent Directors to enable them to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Company. They are given full opportunity to interact with senior management personnel and are provided with all the documents required and/or sought by them to have a good understanding of the Company, its business model and various operations and the industry, it is a part. The Policy on Familiarisation Programme for Independent Directors is also available on the Company's website [www.rciind.com](http://www.rciind.com) under the web link [http://www.rciind.com/yahoo\\_site\\_admin/assets/docs/FamiliarizationProgrammeForIndependentDirectors.pdf](http://www.rciind.com/yahoo_site_admin/assets/docs/FamiliarizationProgrammeForIndependentDirectors.pdf)

### **Performance Evaluation of the Board, its Committees and Individual Directors, including Independent Directors**

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee, based on need and new compliance requirements.



For evaluation of the entire Board and its Committees a structured questionnaire, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, matters addressed in the Board and Committee meetings, processes followed at the meeting, Board's focus, regulatory compliances and Corporate Governance, etc is in place. Similarly, for evaluation of Individual Director's performance, the questionnaire covers various aspects like his/ her profile, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc.

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2018-19.

The Independent Directors had met separately on January 22, 2019 without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of executive and Non-Executive Directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance. The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it determines whether to extend or continue their term of appointment, whenever the respective term expires.

The Directors expressed their satisfaction with the evaluation process.

#### **Disclosure of relationships between Directors inter-se**

None of the Directors are related to each other, except Mr. Rajeev Gupta and Mrs. Mamta Gupta who are related to each other, being Husband and Wife.

#### **Remuneration Policy**

The remuneration paid to Executive Directors of the Company is approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high calibre talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

#### **Remuneration paid to Executive Directors**

Your Board currently comprises of one Executive Director viz. Mr. Rajeev Gupta, Managing Director. The remuneration paid to the Managing Director was Rs. 48,00,000 (Rupees Forty Eight Lacs) during the year as a salary and perquisites duly recommended by the nomination and remuneration committee and approved by the Board in their meeting held on September 2, 2017, in accordance with Section 197 and Schedule V of the Companies Act, 2013.

#### **Remuneration paid to Non-Executive Directors**

No Remuneration was paid to Non-Executive Directors during the year under review.

#### **Shareholding of Non-Executive Directors**



Mrs. Mamta Gupta, Non-Executive Promoter Director as on March 31, 2019, holding 569,090 equity shares of Rs.10/- each, in the Company. None of the other Non-Executive Directors hold shares in the Company. Since the Company has not issued any convertible instruments, disclosure in this respect is not applicable.

In accordance with the relevant provisions of the Companies Act, 2013 and the Listing Regulations, the Appointment of Board Members and Remuneration Policy have been attached as 'ANNEXURE-2' of this Report.

***It is thereby, affirmed that remuneration is as per remuneration policy of the Company.***

## **COMMITTEES OF THE BOARD**

Your Company has 4 Board Level Committees:

- A. Audit Committee
- B. Nomination & Remuneration Committee
- C. Stakeholders Relationship Committee
- D. Corporate Social Responsibility Committee

The composition of various Committees of the Board of Directors is available on the website of the Company at [www.rciind.com](http://www.rciind.com) and web link for the same is [http://www.rciind.com/yahoo\\_site\\_admin/assets/docs/CompositionOfBoardCommittees.pdf](http://www.rciind.com/yahoo_site_admin/assets/docs/CompositionOfBoardCommittees.pdf).

The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference of various Committees. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

### **A). AUDIT COMMITTEE**

In compliance with Section 177 of the Companies Act, 2013 read with rules made thereto and Regulation 18 of the Listing Regulations, the 'Audit Committee' of the Board comprises of Mr. Raj Singh Jamwal, Non-Executive Independent Director as its Chairman, Mr. Anil Kumar Jain, Non-Executive Independent Director and Mr. Rajeev Gupta, Managing Director as its Members i.e. 2/3<sup>rd</sup> of the members of Audit Committee are Independent Directors.

#### **The Role of Audit Committee includes the following:**

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, reappointment, terms of appointment/ reappointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees/remuneration.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - A). Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub section (5) of Section 134 of the Companies Act, 2013.
  - B). Changes, if any, in accounting policies and practices and reasons for the same.



- C). Major accounting entries involving estimates based on the exercise of judgment by the Management.
- D). Significant adjustments made in the financial statements arising out of audit findings.
- E). Compliance with listing and other legal requirements relating to financial statements.
- F). Disclosure of any related party transactions.
- G). Qualifications in the draft audit report.

5. Review/examine, with the Management, the quarterly/year to date financial statements and auditor's report thereon, before submission to the Board for approval.

6. Reviewing with the Management, the financial statements of subsidiaries and in particular the investments made by each of them.

7. Reviewing/Monitoring, with the Management, the statement of uses/application/end use of funds raised through an issue (public issue, rights issue, preferential issue, etc.) and related matters, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of the proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

8. Review and monitor the Auditor's independence, performance and effectiveness of Audit process.

9. Approval or any subsequent Modification of transactions of the Company with related parties.

10. Scrutiny of inter- corporate loans and investments.

11. Valuation of undertakings or assets of the Company, wherever it is necessary.

12. Evaluation of internal financial controls and risk management systems.

13. Reviewing, with the Management, performance of statutory and internal auditors and adequacy of the internal control systems.

14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

15. Discussion with internal auditors any significant findings and follow-ups there on.

16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

17. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

18. To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

19. To review the functioning of the Whistle- Blower Mechanism.

20. Approval of appointment of CFO (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.





21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee is empowered to investigate any activity within its terms of reference, seek information it requires from any employee, obtain outside legal or other independent professional advice and secure attendance of outsiders with relevant expertise, if considered necessary. Apart from the above, the Audit Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

**The Audit Committee also reviews the following information:**

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors, if any;
4. Internal audit reports relating to internal control weaknesses; and
5. Appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee.
6. Statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) (whenever applicable).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) (whenever applicable).

**Audit Committee Meetings**

In addition to the Audit Committee members, the Audit Committee meetings are generally attended by the Company Secretary, Chief Financial Officer, Statutory Auditors and Internal Auditors of the Company. The Company Secretary acts as the Secretary of the Audit Committee.

During the year under review, the Audit Committee met at least once in each quarter and the maximum time gap between two Audit Committee meetings did not exceed the limit prescribed in Regulation 18 of the of the Listing Regulations.

The Audit Committee met 7 times during the year under review i.e. on 07/05/2018,25/05/2018,01/08/2018,14/08/2018,14/11/2018,14/02/2019,22/02/2019. The necessary quorum was present for all the meeting held during the year.

Name of Committee Members	Meeting Details			Whether attended last AGM (Y/N)
	Held during the year	Attended	% of Total	
Raj Singh Jamwal	7	7	100	Yes
Anil Kumar Jain	7	7	100	No
Rajeev Gupta	7	7	100	Yes

**B). NOMINATION & REMUNERATION COMMITTEE**

**Composition**

In compliance with Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013 read with rules made thereto, 'Nomination and Remuneration Committee' of the Board comprises of Mr. Raj Singh Jamwal, Non-Executive Independent Director as its Chairman, Mr. Anil Kumar Jain, Non-





Executive Independent Director and Mrs. Mamta Gupta, Non-Executive Director as its Members. The Company Secretary acts as the Secretary of the Committee.

### Terms of Reference

The brief terms of reference of the Nomination and Remuneration Committee inter alia include:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
2. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
3. Formulate the criteria for evaluation of Director's and Board's performance and to carry out the evaluation of every Director's performance.
4. Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.
5. Devising a policy on Board diversity.
6. To approve Remuneration of Directors, Key Managerial Personnel, Senior Management and Senior Employees (employees one level below KMP) and to approve promotion / increments / rewards / incentives for the said employees.
7. To decide and approve grant of Stock Options, including terms of grant etc under the Company's Employee Stock Option Scheme, if any.

### Attendance at Nomination and Remuneration Committee Meetings

During the year under review, the Nomination & Remuneration Committee met 4 times viz. 30/05/2018, 03/09/2018, 28/11/2018, 22/02/2019.

Name of Committee Members	Meeting Details		
	Held during the year	Attended	% of Total
Raj Singh Jamwal	4	4	100
Anil Kumar Jain	4	4	100
Mamta Gupta	4	4	100

In addition to the Nomination & Remuneration Committee members, the Meetings of the Committee are generally attended by the Managing Director of the Company.

### C). STAKEHOLDERS RELATIONSHIP COMMITTEE

#### Composition

In compliance with Regulation 20 of the Listing Regulations and Section 178 of the Companies Act, 2013 read with rules made thereto, 'Stakeholders Relationship Committee' of the Board comprises of Mr. Raj Singh Jamwal, Non-Executive Independent Director as its Chairman, Mr. Anil Kumar Jain, Non-Executive Independent Director and Mr. Rajeev Gupta, Managing Director as its Members. The Company Secretary acts as the Secretary of the Committee.

#### Terms of Reference



The brief terms of reference of the Stakeholders Relationship Committee inter alia include:

- a) To approve transfer of shares.
- b) To specifically look into the redressal of grievances of shareholders, investors, debenture holders and other security holders.
- c) To provide adequate and timely information to shareholders.
- d) To consider and resolve the grievances of security holders of the company, including complaints related to transfer of shares, issue of Duplicate Share certificates, non-receipt of balance sheet, non-receipt of declared dividends and other shares related matters.

#### **Meeting and Attendance during the year**

During the year under review, Stakeholders Relationship Committee met 4 times viz. 30/05/2018, 03/09/2018, 28/11/2018, 22/02/2019. The meetings were attended by all the members of the Committee. Details of number of Complaints received (inclusive of SCORES) from Members during the year ended March 31, 2019 is as under:

**Complaints received**  
Nil

**Pending as on 31<sup>st</sup> March, 2019**  
Nil

#### **D). CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company has constituted a CSR Committee comprising Mr. Raj Singh Jamwal, Independent Director as its Chairman, Mr. Rajeev Gupta, Managing Director and Mr. Anil Kumar Singh, Independent Director, as its Members. The broad terms of reference of the CSR Committee are as under:

- a). Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company.
- b). Recommending the amount of expenditure to be incurred on the aforesaid activities and
- c). Reviewing and Monitoring the CSR Policy of the Company from time to time.

During the period under review, the CSR Committee met 5 times viz. 30/05/2018, 03/09/2018, 28/11/2018, 22/02/2019, 31/03/2019.

#### **SUBSIDIARY COMPANIES - MONITORING FRAMEWORK**

The Company monitors performance of its subsidiary companies, inter-alia, by the following means:

- i) The Audit Committee reviews financial statements of the subsidiary companies, along with investments made by them, on a quarterly basis.
- ii) The Board of Directors reviews the Board meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary companies.

The Company has formulated a policy for determining its 'Material' Subsidiaries and the same is available on the website of the Company viz. [www.rciind.com](http://www.rciind.com).

Your Company does not have any unlisted material subsidiary, incorporated in India. [Under the Listing Regulations, a "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty



percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year].

Company also does not have a listed subsidiary.

## **DICLOSURES**

### **Related Party Transactions**

In compliance with the requirements of Regulation 23 of the Listing Regulations, the Board of Directors of the Company has approved a Related Party Transaction Policy, which is in compliance with the applicable provisions of law including the provisions of the Companies Act, 2013. The said Related Party Transaction Policy is also available on the Company's website and is accessible at [http://www.rciind.com/yahoo\\_site\\_admin/assets/docs/RelatedPartyTransactionPolicy.pdf](http://www.rciind.com/yahoo_site_admin/assets/docs/RelatedPartyTransactionPolicy.pdf).

During the Financial year 2017-18 there were no materially significant related party transactions i.e. transactions material in nature, between the Company and its Promoters, Directors or Key Managerial Personnel or their relatives etc. having any potential conflict with interests of the Company at large or any transaction which was not on arm's length and / or in ordinary course of business. The Company places all the relevant details before the Audit Committee and the Board on Quarterly and Annual Basis.

### **Details of non-compliance by the Company**

Your Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

### **Whistle Blower Policy / Vigil Mechanism**

As per Section 177 of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, Whistle Blower Policy / Vigil Mechanism has been approved and implemented within the organization. The policy enables the Employees and Directors to raise and report concerns about unethical behavior, actual or suspected fraud of any Director and/ or Employee of the Company or any violation of the Code of Conduct. This Policy is also available on the Company's website and is accessible at [http://www.rciind.com/yahoo\\_site\\_admin/assets/docs/WhistleBlowerPolicy.pdf](http://www.rciind.com/yahoo_site_admin/assets/docs/WhistleBlowerPolicy.pdf). Further during the year under review, no case was reported under the Vigil Mechanism. No person was denied access to Audit Committee.

### **Disclosure on compliance with Corporate Governance Requirements specified in Listing Regulations**

The Company has complied with the requirements of Part C (Corporate Governance Report) of sub-paras (2) to (10) of Schedule V of the Listing Regulations.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations and necessary disclosures thereof have been made in this Corporate Governance Report.

### **Policy for determining Material Subsidiaries**

In compliance with the requirements of Regulation 16 (c) of the Listing Regulations, the Board of Directors of the Company has approved a Policy for determining Material Subsidiaries. The said policy



determines material subsidiaries of the Company and provides a governance framework for them. The said Policy is also available on the Company's website viz. [www.rciind.com](http://www.rciind.com).

Your Company does not have any unlisted material subsidiary, incorporated in India.

### **Code for prevention of Insider-Trading Practices**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has in place a Code of Conduct for Prevention of Insider Trading and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the management, staff and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of the Company, and cautioning them of the consequences of violations. The Company Secretary has been appointed as the Compliance Officer.

### **Commodity Price Risk/Foreign Exchange Risk and Hedging Activities**

The Company is subject to market risk with respect to commodity price fluctuations. The Company proactively manages these risks through forward booking Inventory management and proactive vendor development practices.

The Company's payables and receivables are in foreign currency and due to fluctuations in foreign exchange prices, it is subject to foreign exchange risks. The Company has in place a risk management framework for identification and monitoring and mitigation of foreign exchange risks. The company has entered into foreign exchange forward, option and futures contracts to manage its exposure to exchange rate fluctuations, in accordance with its risk management policies. The risks are tracked and monitored on a regular basis and mitigation strategies are adopted in line with the risk management policy. Moreover, the foreign exchange exposure is also reviewed by the Audit of the Board of Directors of the Company for optimisation and risk mitigation.

### **CEO/ CFO Certification**

In terms of Regulation 17(8) of the Listing Regulations, the certification on the financial statements of the Company, as certified by the Chief Executive Officer/Managing Director and Chief Financial Officer of your Company is annexed as an Annexure-7 to this Report.

### **Certificate on Corporate Governance**

The Certificate confirming compliance with conditions of Corporate Governance as stipulated under Schedule V of Listing Regulations is annexed in this Annual Report.

### **Disclosure Regarding Appointment / Re-Appointment of Directors**

The members, at the ensuing Annual General Meeting, shall be considering the re-appointment of Mrs. Mamta Gupta as Director, who is retiring at the ensuing Annual General Meeting. The detailed profile of the Directors has been provided in this report.

### **Code of Conduct**

The Company has adopted a Code of Conduct for the Members of the Board and Senior Managerial Personnel. All the Directors and senior functionaries, as defined in the Code, provide their annual



confirmation of compliance with the Code. Copy of the Code is also available on the Company's website and is accessible at [http://www.rciind.com/yahoo\\_site\\_admin/assets/docs/CodeOfConduct.pdf](http://www.rciind.com/yahoo_site_admin/assets/docs/CodeOfConduct.pdf).

A declaration affirming compliance with the Code of Conduct by the Members of the Board and senior Managerial Personnel is given below:

### **Declaration**

Declaration to compliance with the "Code of Conduct for Members of the Board and Senior Management of Apollo Pipes Limited" during the Financial Year ended March 31, 2019 forms part of this report and annexed herewith as an **Annexure – 10**.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed report on Management discussion and analysis is provided separately as a part of this Annual Report.

### **GENERAL BODY MEETINGS**

Details of the last three general body meetings held are given below:

<i>Financial Year Ended</i>	<i>Day, Date &amp; Time</i>	<i>Venue</i>	<i>Special Resolution Passed</i>
<b>March 31, 2018</b>	Friday, July 20, 2018, 09:30 AM	B-97, All Heavens Building, Industrial Area, Wazirpur Delhi – 110052	None
<b>March 31, 2017</b>	Friday, September 29, 2017, 09:30 AM	B-97, All Heavens Building, Industrial Area, Wazirpur Delhi – 110052	To Issue up to 6,67,000 (Six Lakh Sixty Seven Thousand) Equity Shares to Mr. Rajeev Gupta, Promoter of the Company on Preferential basis
<b>March 31, 2016</b>	Friday, September 30, 2016, 10:00 AM	B-97, All Heavens Building, Industrial Area, Wazirpur Delhi – 110052	To Issue upto 8 Lakh Equity Shares on Preferential basis

All Special Resolutions passed in the previous three Annual General Meetings of the Company were passed with requisite majority.

None of the resolutions proposed at the ensuing Annual General Meeting needs to be passed by Postal Ballot in terms of Section 110 of the Companies Act, 2013, read with Rules made thereunder.

### **COMPLIANCE WITH NON-MANDATORY REQUIREMENTS**

The Company has complied with all mandatory requirements of Listing Regulations. In addition to the above, the Company has complied with the Reporting of Internal Auditor directly to the Audit Committee, the non-mandatory requirements of Listing Regulations.

### **MEANS OF COMMUNICATION**

#### **Quarterly and Annual Financial Results:**



Pursuant to Regulation 33 and Regulation 30 of the Listing Regulations, the Company furnishes the quarterly un-audited as well as annual audited Financial Results, (within 30 minutes of closure of the Board meeting) by online filings, to the Stock exchange i.e. BSE Limited. Such information has also been displayed in the 'Investors' section on the Company's website i.e. [www.rciind.com](http://www.rciind.com). Quarterly and Annual financial results including other statutory information are published in an English daily viz. 'Financial Express' (All Edition) and in a vernacular language newspaper viz. 'Jan Satta' (Delhi Edition).

**News Releases/Presentations:**

Official press releases and presentations made to institutional investors or to the analysts are displayed on Company's website [www.rciind.com](http://www.rciind.com).

**Website:**

Pursuant to Regulation 46 of the Listing Regulations, the Company's website [www.rciind.com](http://www.rciind.com) contains a separate section 'investors' where all the information needed by shareholders is available including information on Directors, Shareholding Pattern, Quarterly Reports, Financial Results, Annual Reports, Press Releases and various policies of the Company.

**Annual Report:**

Annual Report is circulated to members and other concerned including Auditors etc. Further, the Management Discussion and Analysis (MDA) Report, highlighting operations, business performance, financial and other important aspects of the Company's functioning, forms an integral part of the Annual Report.

**Chairman's Speech:**

The Chairman's Speech forms part of this Annual Report and is also placed on the Company's website at [www.rciind.com](http://www.rciind.com)

**BSE Corporate Compliance & Listing Centre:**

Your Company has been regularly uploading information related to its financial results, periodical filings like shareholding pattern, corporate governance report and other communications on BSE's online portal BSE Corporate Compliance and Listing Centre, a web based application designated for corporate by BSE Limited.

**GENERAL SHAREHOLDER INFORMATION**

This section inter alia provides information pertaining to the Company, its shareholding pattern, means of dissemination of information, share price movements and such other information in terms of Listing Regulations relating to Corporate Governance.

**A. Annual General Meeting:**

Day & Date: Saturday, September 28, 2019

Venue: Regalia Banquet, C -111, Maya Puri, Phase - II, New Delhi -110064

Time: 09.00 AM

Last date of receipt of proxy form: Thursday, September 26, 2019

Book Closure: Monday, September 23, 2019 to Saturday, September 28, 2019 (both days inclusive)

**B. Financial year: 2018-19**

**C. Financial Calendar:**

*For the Financial year 2018-19*



**Results were announced on:**

First quarter ended 30 <sup>th</sup> June, 2018	Tuesday, August 14, 2018
Second quarter and half year ended 30 <sup>th</sup> September, 2018	Wednesday, November 14, 2018
Third quarter and nine months ended 31 <sup>st</sup> December, 2018	Thursday, February 14, 2019
Fourth quarter and year ended 31 <sup>st</sup> March, 2019	Friday, May 24, 2019

**D. Registered Office & Address for Correspondence:**

B-97, All heavens Building, Wazirpur Industrial Area, Delhi - 110052  
Tel: +91 11 2737 2194/ 2197, Fax: +91 11 2737 1334, Email: [info@rciind.com](mailto:info@rciind.com)  
Website: [www.rciind.com](http://www.rciind.com), CIN: L74900DL1992PLC047055

**Email ID for Investors Relation:** [investors@rciind.com](mailto:investors@rciind.com); [compliance@rciind.com](mailto:compliance@rciind.com)

**Investor Grievance Officer:** Mr. Anand Kumar Pandey, Company Secretary & Compliance Officer,  
Email ID: [anandpandey@rciind.com](mailto:anandpandey@rciind.com)

**E. Plant Locations:**

**RCI Copper** (A Unit of RCI Industries & Technologies Limited):

- Unit Himachal Pradesh: Khasra No. – 377/175 & 378/175, Village Rakh Ram Singh, Nalagarh, Distt. **Solan, H.P.**, Tel/Fax: 01795 220796
- Unit J&K: Lane-5, Phase-2, SIDCO Industrial Complex, **Bari Brahmana, Jammu**, Tel/Fax: 01923 220524

**RCI Strips** (A Unit of RCI Industries & Technologies Limited formerly known as Devi Metal Technologies):

- Plot No. 84 & 85, HPSIDC **Baddi, Distt. Solan, H.P**

**F. Listing details of Equity Shares:**

The Equity Shares of the Company are at present listed at the BSE Limited and the Company has paid the annual listing fee for the Financial Year 2019-20 to the said Stock Exchange.

**Stock Code:** 537254

**ISIN at NSDL / CDSL:** INE140B01014

**G. Details of Allotment of Compulsorily Convertible Debentures:**

Your Company has allotted 5,60,000 Unsecured Zero Coupon Compulsorily Convertible Debentures of Rs. 900/- each to Promoters/Non-Promoters, for an aggregate amount of Rs. 50,40,00,000 (Rupees Fifty Crore Forty Lakh only) by way of Preferential Allotment on Private Placement Basis, which shall be converted into Equity Shares of Rs. 225/- each (1 CCD=4 Equity Shares) on or before completion of 18 months from the date of their allotment viz. 31.03.2018.

**ISIN at NSDL/CDSL:** INE140B08019

**H. Corporate Identity Number (CIN):** L74900DL1992PLC047055





#### **I. Registrar & Share Transfer Agent:**

Shareholders may correspond with the Registrar & Share Transfer Agent at the following address for all matters related to transfer/dematerialization of shares and any other query relating to Equity shares of your Company:

##### **Bigshare Services Private Limited**

302, Kushal Bazar, 32-33, Nehru Place

Tel: 011 47565852, Website: [www.bigshareonline.com](http://www.bigshareonline.com)

Email: [bssdelhi@bigshareonline.com](mailto:bssdelhi@bigshareonline.com)

#### **J. Custodial Fees to Depositories:**

The Company has paid custodial fees for the year 2019-20 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Depositories of the Company.

#### **K. Service of Documents through E-mail**

Your Company will be sending the Notice and Annual Report for the Financial Year 2018-19 in electronic form to the members whose e-mail address have been made available to the Company/Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report for the Financial Year 2018-19 are sent in the permitted mode.

Members holding shares in electronic form but who have not registered their email address (including those who wish to change their already registered e-mail id) with their DP yet and members holding shares in physical form are requested to register their e-mail address with their DP / Company, as the case may be.

Members who have registered their e-mail address with their DP/ Company but wish to receive the said documents in physical form are requested to write to the Company at [investor@rciind.com](mailto:investor@rciind.com) duly quoting their DP ID and Client ID / Folio No., as the case may be, to enable the Company to record their decision.

#### **L. E-Voting Facility**

In compliance with Section 108 of the Companies Act, 2013 and Regulation 44 of the Listing Regulations, your Company is providing e-voting facility to all members to enable them cast their votes electronically on all resolutions set forth in the Notice of Annual General Meeting, using the e-voting platform of NSDL. The instructions for e-voting have been provided in the Notice of Annual General Meeting.

#### **M. Share Transfer System**

All Shares have been transferred and returned within a period of 15 days from the date of receipt of completed and validly executed documents.

SEBI vide its circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009 clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of such transfer of shares. The Company and its RTA is complying with the aforesaid provisions.





As per the requirement in Regulation 7(3) of the Listing Regulations, certificate on half yearly basis confirming due compliance of share transfer formalities duly signed by both the Compliance Officer and the authorised representative of Share Transfer Agent was submitted to the Stock Exchanges within stipulated time.

#### **RCI Industries & Technologies Limited – Distribution of Shareholding as on 31<sup>st</sup> March 2019**

<b>Category of Shareholders</b>	<b>No. of Shares held</b>	<b>% to Paid Up Capital</b>
Promoter & Promoter Group	8576615	63.83
Financial Institutions / Banks	200	0.00
Resident Individuals & HUF	3527094	26.25
Non Resident Indians	109331	0.81
Bodies Corporates (including Clearing Members & Trusts)	1223175	9.10
<b>Total</b>	<b>13436415</b>	<b>100</b>

#### **Dematerialization of Equity Shares & Liquidity**

As per extant guidelines, trading in equity shares of the Company is mandatory in dematerialized form. To facilitate trading in demat form, there are two Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these Depositories. The Shareholders can open account with any of the Depository Participant registered with any of these two Depositories.

As on March 31, 2019, 99.98% of the equity shares of the Company are in the dematerialized form. Entire Shareholding of the Promoter's in the Company are held in dematerialized form. The equity shares of the Company are frequently traded at BSE Limited (BSE).

#### **Status on Dematerialised shares as on 31<sup>st</sup> March, 2019 (Equity ISIN No. INE140B01014):**

<b>Shares held through</b>	<b>% of Holding</b>
NSDL	7329504
CDSL	6104110
Physical	2801

#### **Market Price Data Relating to Shares Listed**

The monthly high and low prices of Company's shares traded on BSE Limited (BSE) for the period April 2018 to March 2019 are as under:

<b>Month</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>
<b>April, 2018</b>	176.00	143.00
<b>May, 2018</b>	178.95	100.55
<b>June, 2018</b>	128.70	93.70
<b>July, 2018</b>	128.80	94.00
<b>August, 2018</b>	114.80	89.00
<b>September, 2018</b>	100.95	67.40



<b>October, 2018</b>	79.50	57.00
<b>November, 2018</b>	104.00	62.00
<b>December, 2018</b>	94.75	78.10
<b>January, 2019</b>	91.00	71.00
<b>February, 2019</b>	89.95	70.15
<b>March, 2019</b>	117.00	90.00

### **Report on Corporate Governance**

The Company regularly submits to the Stock Exchange, within the prescribed period, quarterly reports on Corporate Governance electronically through the online portal of the BSE. A Certificate from the Auditors of the Company regarding Compliance of conditions of Corporate Governance as stipulated under Schedule V of the Listing Regulations is attached as an 'ANNEXURE-8' to this Report.



## **ANNEXURE-7**

### **CERTIFICATION PURSUANT TO REGULATION 33 OF THE SECURITIES & EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We Rajeev Gupta, Managing Director and Inder Prakash Saboo, Chief Financial Officer of RCI Industries & Technologies Limited ("the Company") do hereby certify to the Board that:

A. We have reviewed Financial Statements and the Cash Flow Statement of the Company for the year ended March 31, 2019 and that to the best of their 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 statements together present a true and fair view of the Company's affair and are in compliance with 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 year ended March 31, 2019 are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. During the year:

- i. there have not been any significant changes in internal control over financial reporting;
- ii. there have not been any significant changes in accounting policies; and
- iii. there have been no instances of significant fraud of which we are aware that involve management or other employee having a significant role in the Company's internal control system over financial reporting.

**Place: New Delhi**  
**Date: 24.05.2019**

**Sd/-**  
**Rajeev Gupta**  
**Managing Director**  
**DIN: 00503196**

**Sd/-**  
**I.P. Saboo**  
**Chief Financial Officer**



## ANNEXURE-8

### **CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CHAPTER IV OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) 2015**

To,  
The Members of RCI Industries & Technologies Limited

I have examined the compliance of conditions of corporate governance by RCI Industries & Technologies Limited ("the Company") for the year ended March 31, 2019, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. My examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to my examination of the relevant records and the explanations given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I state that as on March 31, 2019, no investor grievance has been filed against the Company as per the records maintained by the Stakeholder Relationship Committee.

I 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 **Kiran & Associates**  
Company Secretaries  
Sd/-

**Kiran**  
**(Proprietor)**

Membership No.: 37306  
Certificate of Practice No. 14168

Place: Delhi  
Date: 24.05.2019



**ANNEXURE-9**

**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)***

**Date: 24.05.2019  
Certificate No. 2019-20/07**

**To,  
The Members,  
RCI Industries & Technologies Limited  
B-97, Wazirpur Industrial Area,  
Delhi – 110052**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of RCI Industries & Technologies Limited having CIN L74900DL1992PLC047055 and having registered office at B-97, All Heavens Building Wazirpur Ring Road Delhi 110052 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my 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 me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT
1.	RAJEEV GUPTA	00503196	17/01/1992
2.	MAMTA GUPTA	00503302	24/01/2009
3.	RAJ SINGH JAMWAL	06698519	30/09/2013
4.	ANIL KUMAR JAIN	06944997	20/01/2015



Ensuring the eligibility of 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 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 **Chetna Bhola & Associates**  
**Company Secretaries**

Sd/-

**Chetna Bhola**  
**Mem. No. 41283**  
**CP No. 15802**

**Date:** 24<sup>th</sup> May, 2019

**Place:** New Delhi



## ANNEXURE-10

The Members of  
RCI Industries and Technologies Limited

I, Rajeev Gupta, Managing Director of the RCI Industries and Technologies Limited (“the Company”), hereby declare that all Board Members and Senior Management of the Company have individually affirmed compliance with the code of business conduct and ethics adopted by the Company during the Financial Year 2018-19. This code of conduct is available at the registered office of the Company.

**Date: May 24, 2019**  
**Place: New Delhi**

**Sd/-**  
**(Rajeev Gupta)**  
**Managing Director**



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GLOBAL ECONOMIC OVERVIEW**

The global economy is expected to grow by approximately 2.6% in 2019. As per World Bank, growth among emerging and developing economy is forecasted to fall to a 4 year low of 4% in 2019. The growth is constrained by sluggish investment and risks including rising trade barriers, renewed financial stress, and sharper than expected slowdowns in several major economies. Current economic momentum remains weak, while heightened debt levels and subdued investment growth in developing economies are holding countries back from achieving their potential. With growth in advanced economies projected to gradually decline to about 1.7% once economic slack is eliminated, the further pickup in global activity will entirely be driven by emerging markets and developing economies.

(Source: <https://www.worldbank.org/en/news/press-release/2019/06/04/global-growth-to-weaken-to-26-in-2019-substantial-risks-seen>)

### **INDIAN ECONOMIC OVERVIEW**

The Indian GDP has grown to 6.9% in Financial Year 2019. The decline in GDP growth is on account of multiple factors like, fallout of NBFCs, low credit growth, tight liquidity conditions, dismal growth in wages and flat exports owing to a global slowdown. Indian Manufacturing continued its downtrend growing at 3.1%. However, GDP growth rate is expected to bottom out in the coming quarters. RBI has cut rates twice and is likely to follow with another in the upcoming policy with the liquidity scenario improving. With the Government continuing to rollout policies focusing on rural population, there could be some more life to the ongoing distress and signs of recovery should be visible in the second half of the financial year.

Going forward, there continues to be optimism on India's growth prospects, primarily owing to the pro-incumbency wave which has given a thumping majority to the political leader at the helm. This augurs well for the Indian economy as it suggests the continuation of existing policies.

The International Monetary Fund (IMF) has forecast India's GDP growth at 7.3% in 2019 (2019-20) and 7.5% in 2020. Their optimism is based on the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. The Asian Development Bank and the RBI estimate GDP growth for 2019-20 at 7.2%. (Source: <https://www.thehindubusinessline.com/economy/indias-gdp-to-grow-at-69-per-cent-in-fy19-says-ind-ra/article27262416.ece&https://www.edelweiss.in/research/markets-economy-reports-3/economic-spotlight---gdp-slumps-to-a-five-year-low-2deb7a>)

### **GLOBAL COPPER INDUSTRY OUTLOOK**

Preliminary data indicates that World copper refined production is expected to increase by around 2.8% in 2019 and 1.2% in 2020 respectively and China will remain the biggest contributor to world refined production growth in both 2019 and 2020. In 2019, there was capacity expansion done for the electrolytic segment in China, the ramp-up of electro winning output in the DRC and the recovery from 2018 operational issues/maintenances at smelters in Australia, Brazil, Indonesia and Poland. Although a few countries experienced growth, this was largely offset by declines in two major copper producing countries, namely Chile and Indonesia.





After a small decline in 2018 due to unusually high frequency of smelter disruptions and temporary shutdowns for technical upgrades/modernizations, world secondary production from scrap is expected to recover in 2019 and 2020. Sustained growth in copper demand is expected to continue because copper is essential to economic activity and even more so to the modern technological society. Infrastructure development in major countries such as China and India and the global trend towards cleaner energy will continue to support copper demand. However, a slowdown in world economic growth is expected to have an adverse impact on world refined copper usage growth in 2019 and 2020. Although underlying “real” demand growth in China is estimated by some analysts to be around 2.6% in 2019, Chinese apparent demand is predicted to rise by 2%. Lower growth is expected in 2020 for both apparent and real usage. World ex-China usage is expected to grow by around 1.7% in 2019 and a further 2% in 2020 mainly supported by increases in the Middle East, India and some other Asian countries.

(Source: ICRA & FICCI report and <https://www.icsg.org/index.php/component/jdownloads/finish/113/2922>)

## **INDIAN COPPER INDUSTRY OUTLOOK**

Compared to the global market, India has limited copper ore reserves, constituting to just about 2% of the world reserves. India ranks seventh in the global refined copper production and fifth in copper smelter production globally. In addition, the country is a net exporter of refined copper. Domestic copper demand is expected to register ~7% growth in the current fiscal. Copper consumption in India will be driven by demand from the domestic electrical equipment and transportation sectors. The electrical equipment sector is the largest consumer of copper in India, accounting for ~35% of the total domestic consumption. The other major copper-consuming industrial sectors are telecom (~20%), construction (~8%) and transportation (~8%).

(Source: ICRA & FICCI report and [https://www.business-standard.com/article/markets/import-surge-may-shrink-10-000-jobs-in-copper-industry-119061500531\\_1.html](https://www.business-standard.com/article/markets/import-surge-may-shrink-10-000-jobs-in-copper-industry-119061500531_1.html))

## **GLOBAL ALUMINIUM INDUSTRY OUTLOOK**

The global aluminium demand outlook will benefit from solid construction industry growth and growing roles in autos as a lightweight substitute for steel. The automotive and aerospace sectors will increasingly support aluminium demand in key markets, as an environmentally preferable alternative to steel.

Aluminium integration will continue in more regulated automotive markets such as the US, the EU and Japan, while developing markets will present further growth opportunities. China's aluminium output is forecast to edge higher, from 34.3 MT in 2019 to 41.9 MT by 2028, averaging 2.4% annual growth, compared to an average annual rate of 11.7% growth over the previous ten-year period. Nonetheless, China will remain the driving force behind global aluminium production, accounting for over half of total output over the coming years.

(Source: ICRA and FICCI report)



## **INDIAN ALUMINIUM INDUSTRY OUTLOOK**

Domestic aluminium consumption registered a healthy growth of ~7% in FY19 after registering over ~8% growth in FY18. The growth in metal demand is a result of higher aluminium usage in the auto industry, which itself has reported a healthy growth during this period.

India has the fifth largest bauxite reserves with the deposit of about 3.8 Bn tonnes. India's share in world aluminium capacity stands at about 4.85%. Given India is rich in Aluminium ores and concentrate, exports are significantly higher than imports. However, exports have fluctuated severely over the last decade, whereas imports have seen a steady increase.

India's metal recycling rate is about 25%. All the activity related to aluminium scrap recovery are limited to the unorganised sector, catering mostly to the utensil and casting industries. The proportion of recycled aluminium has been increasing over the years. It is likely that secondary aluminium contribution will reach a figure of about 35-40% of total aluminium consumption in the years to come. India's demand for secondary aluminium will increase by 8-10% per year, mainly boosted by the rapidly growing automotive sector; accompanied with household consumption.

(Source: ICRA and FICCI report)

## **RISKS AND CONCERNS**

The Company faces the following Risks and Concerns:

### **Economic Risk**

A part of business is substantially dependent on the prevailing global economic conditions. Factors that may adversely affect the global economy and in turn India's economic growth, that could affect the demand for copper and other non ferrous and ferrous metal products include slowdown in the rate of infrastructure development, inflation, changes in tax, trade, fiscal and monetary policies, scarcity of credit etc. However, given that our key drivers for demand are fast growing segments like Electrical, Transport, General Engineering and Consumer Durables combined with growth in global EXIM traffic and current prevailing trend of falling copper prices, we do not expect this risk to affect our business.

### **Competition Risk**

This risk arises from more players wanting a share in the same pie. Like in most other industries, opportunity brings with itself competition. We face different levels of competition in each product segment, from domestic as well as multinational companies. However, RCI has established strong brand goodwill in the market and a strong foothold in a wide spectrum of non ferrous and ferrous products. We are one of leading copper product manufacturers and traders in India. Our wide network across the globe helps us generate higher volumes and negotiate competitive pricing. We have built a strong relationship with key industry suppliers and traders and as a result are able to obtain competitive commercial terms and operational advantages. We also counter this risk with the quality of our products, our customer-centric approach and our ability to innovate customer specific solutions, focusing on pricing and aggressive marketing strategy, disciplined and time bound order executions, coupled with prudent financial and human resources management and better control over costs. Thus, we do not expect to be significantly affected by this risk.



### **Trade Risk**

Our business can be affected by the rise and fall in the levels of price and import of copper in the country. Global copper demand may continue to grow at a moderate pace as China, which accounted for 45% of global demand in 2015, transitions toward an economy driven by domestic consumer spending rather than government infrastructure investment. Given the projected growth in the Indian economy and expected recovery in global trade, rising spending in the infrastructure and manufacturing space and increasing per capita and disposable income, it is estimated that demand for goods will continue to rise steadily. The Company is further reducing its dependence on global EXIM trade by shifting focus from trading to manufacturing. Thus, we believe we have adequate mitigation in place for trade risk.

### **Regulatory Risk**

If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected. We require certain approvals, licenses, registrations and permissions for operating and expanding capacities at our plants. Also, some of the new value-added product segments that the Company plans to enter require Government approval. We may encounter delays in obtaining these requisite approvals, or may not be able to obtain such approvals at all, which may have an adverse effect on our revenues. However, the Government has come up with a number of initiatives to boost the sector. The estimated copper usage growth is expected to increase as the Government has put in process various initiatives such as Housing for All, Make in India and smart cities to name few. As all industry predictions suggest that this will be the trend in the future as well and given our own experience in obtaining such permissions, we do not expect this risk to affect us materially in the coming years.

### **Liability Risk**

This risk refers to our liability arising from any damage to products, equipment, plant & machinery, life and third parties which may adversely affect our business. The Company attempts to mitigate this risk through contractual obligations and insurance policies.

### **Execution Risk**

The Company has undertaken number of orders in the last year and several more are in the pipeline. Order execution is largely dependent upon sourcing of raw materials and timely manufacturing. Any delay in project implementation can impact revenue and profit for that period. Our implementation schedules are in line with the plans. Emergency and contingency plans are in place to prevent or minimize business interruptions. Therefore, we do not expect this risk to affect us materially in the future. Concerns like soaring copper and other metal prices, an unfavourable tax structure, infrastructure bottle-necks, retaining talent and unprecedented natural and man-made disasters and political/social turmoil which may affect our business, remain. However, these are threats faced by the entire industry. With superior methodologies and improved processes and systems, the Company is well positioned to lead a high growth path.

### **OPPORTUNITIES & THREATS**

Although the competition in metal products is hectic, the Company has an edge over our competitors with our quality and timely execution of orders. Attraction and retention of customer base remains a key focus area for our Company.



Stagnant global trade, subdued investment, and heightened policy uncertainty marked another difficult year for the world economy. A moderate recovery is expected for 2019, with receding obstacles to activity in commodity - exporting emerging markets and developing economies. However, fiscal stimulus in key major economies—in particular, the United States—could lead to stronger-than-expected activity in the near term and thus represent a substantial upside in the overall global recovery. The higher transit time owing to geographical position and adverse movement of foreign exchange rate of the Rupee are major concerns for the growth of the industry as a whole.

On the domestic front, the full economic impact of demonetization is yet to reflect in the industries performance. The implementation of GST will bring about a paradigm shift in the way our domestic trade and manufacturing function. India's per capita copper usage is around 0.8 kg whereas the world average is 3.7 kgs, indicating clearly that there is a huge potential for growth. The falling prices of copper in international markets are expected to benefit the Company. However large fluctuations in base metal prices may have a negative impact. Significant regulatory changes for metals, manufacturing and our customer segments would affect the way we do business.

The fluctuation of Rupee against US Dollar, a trend noted during the first quarter of the calendar year may affect the company's profitability in both short and long term. United States, European Union, China along with Japan (the four largest economies in the world) will largely determine the direction of the global economy through the rest of this year and into 2018. The good news is that the advanced economies are expected to stage an overall recovery and will perform more strongly and contribute more to global growth in 2017-18.

#### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Companies Act, 2013 re-emphasizes the need for an effective Internal Financial Control system in the Company. The system should be designed and operated effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report. To ensure effective Internal Financial Controls the Company has laid down the following measures:

- > The Company has a comprehensive risk management framework
- > RCI Industries & Technologies Limited has in place a well-defined Whistle Blower Policy/ Vigil Mechanism
- > RCI Industries and Technologies Limited has a system of Internal Business Reviews

All departmental heads discuss their business issues and future plans in monthly review meetings. They review their achievements in quarterly review meetings. Specialized issues like investments, property, FOREX are discussed in their respective Internal Committee meetings. The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly. The internal control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audits conducted by in house trained personnel.

The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal control system. The internal control is designed to



ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons.

## **HUMAN RESOURCES**

The Company's HR philosophy is to establish and build a high performing organization, where each individual is motivated to perform to the fullest capacity to contribute to developing and achieving individual excellence and departmental objectives and continuously improve performance to realize the full potential of our personnel.

As on March 31, 2019, the Company had a workforce of 320 people on rolls.

## **OUTLOOK**

The Company constantly endeavors to improve the quality of its products to secure an increased number of orders at competitive rates. On account of bulk orders and bargain power, the Company is able to quote better rates and maintain high quality of products. However, copper industry needs great support from the government as it is going through a difficult phase due to slow down in global market and increasing competition from imports.

In a conscious shift from trading to manufacturing, the Company acquired M/s Devi Metal Technologies – a manufacturing unit for flat rolled products (Strips/Foils/Coils) located in Baddi, Himachal Pradesh. The Company plans to foray into value added segments of defence and the mint in an endeavor to enhance profitability.

At a sectoral level, there exists tremendous growth potential for copper in India. This will come from sectors like power, telecom, automobile, railway, defence etc. Reports indicate that the domestic copper usage will double in India by next decade driven by Government initiatives and increased consumption.

Barring unforeseen circumstances the company is confident of achieving better results in the current year.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles in India. Please refer Directors' Report in this respect.

**By Order of the Board of Directors  
For RCI Industries & Technologies Limited**

**Sd/-  
Mr. Rajeev Gupta  
Chairman & Managing Director  
DIN 00503196**

**Date: 24.05.2019**



### 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 or Associate Companies or Joint Ventures as on March 31, 2019

#### Part “A”: Subsidiaries

Name of Subsidiary	RCI Skills and Social Development Private Limited	RCI World Trade Link DMCC
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	01-01-2017 to 31-12-2018
Reporting currency and Exchange rate as on March 31, 2019, in case of Foreign Subsidiaries	INR	United Arab Emirates Dirham (AED) 1AED = 18.90 INR
Share capital	100,000	4,72,50,000
Reserves & surplus	4,426	817,151,064
Total assets	38,61,997	864,692,124
Total Liabilities	38,61,997	864,692,124
Investments	0	
Turnover	29,52,000	3,037,973,412
Profit before taxation	5,503	202,373,697
Provision for taxation	4,063	0
Profit after taxation	4,063	202,373,697
Proposed Dividend	NIL	NIL
% of shareholding	100%	100%

#### Notes:

- Names of subsidiaries which are yet to commence operations - NA
- Names of subsidiaries which have been liquidated or sold during the year - NA

#### Part “B”: Associates and Joint Ventures

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

Name of Associates	Ace Matrix Solutions Limited	Metalrod Private Limited
Latest Audited Balance Sheet Date	31-Mar-2018*	31-Mar-2018*
Shares of Associate/Joint Ventures held by the company on the year end		
• No.	30110	316380
• Amount of Investment in Associates	6,016,304	3,994,528
• Extend of Holding %	22%	34.27%
Description of how there is significant influence	Due to the percentage of Share Capital	
Reason why the associate is not	Investment in shares of associates was made as stock in trade and the	



consolidated	intention of such investment was to dispose of the same in near future. Accordingly Applicable Indian Accounting Standards exempts the consolidation of such associates.	
Net worth attributable to Shareholding as per latest audited Balance Sheet	6,267,950	69,893,139
Profit / Loss for the year		
i. Considered in Consolidation	NA	NA
ii. Not Considered in Consolidation	NA	NA

**Notes:**

*\*Financials as on March 31, 2019 of Associate Companies have not been finalised yet, hence figures of March 31, 2018 of Associate Companies have been taken.*

1. Names of associates or joint ventures which are yet to commence operations - NA
2. Names of associates/joint ventures which have been liquidated/sold during the year – NA

**For and on behalf of the Board of Directors**

**For KRA & Co.**  
Chartered Accountants  
Registration No. 020266N

**Rajeev Gupta**  
Managing Director  
DIN: 00503196

**Mamta Gupta**  
Director  
DIN: 00503302

Sd/-  
**Rajat Goyal**  
Partner  
M. No.: 503150

**I.P. Saboo**  
Chief Financial Officer

**Raman Singh**  
Company Secretary  
M. No. A32716

**Date: May 24, 2019**  
**Place: Delhi**





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCI INDUSTRIES & TECHNOLOGIES LIMITED**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the standalone financial statements of **RCI INDUSTRIES & TECHNOLOGIES LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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 Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>S.No.</b>	<b>Key Audit Matter</b>	<b>Auditor's Response &amp; Principal Audit Procedure</b>
1.	Accounting for expenditure on property, plant and equipment.  Company has carried out substantial capitalization during the year. Refer Note 2 of financial statement for details of capitalization during the year	<ul style="list-style-type: none"><li>• Testing of design and operating effectiveness of the internal control</li><li>• Substantive checking of the fixed assets addition during the year on sample basis.</li><li>• Verification of stores and spares &amp; other expenses capitalized in accordance with Ind AS 16 "Property, Plant &amp; Equipment".</li><li>• Verifying and understanding the basis of arriving at the "Life" of various assets.</li><li>• Verification of depreciation calculation.</li><li>• Evaluated the design of internal control relevant to acquisition of property, plant and equipment</li><li>• Checking the compliances with Companies Act, 2013, concerning fixed assets and depreciation.</li></ul>





### **Other information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report, management discussion and analysis and report on corporate governance, but does not include the financial statements and our auditor's report thereon. The director's report, management discussion and analysis and report on corporate governance are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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**

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 SAs 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.

As part of an audit in accordance with SAs, 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

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**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give



in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a.** We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b.** In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c.** The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d.** In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e.** On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f.** With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i.** The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements
  - ii.** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii.** There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For KRA & Co.  
Chartered Accountants  
(Firm Registration No.020266N)**

**Sd/-  
Rajat Goyal  
Partner  
Membership No.: 503150**

**Place: Delhi  
Date: May 24, 2019**



**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RCI INDUSTRIES & TECHNOLOGIES LIMITED**

**(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) In accordance with the phased programme for verification of fixed assets, certain items of fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) Title deeds of immovable properties are held in the name of the company.
- (ii) Stocks of inventories have been physically verified during the year by the management. The Company has a perpetual inventory system. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book stock were not material in relation to the operations of the Company and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, clause (iii) of the Order is not applicable to the Company.
- (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 Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Consequently, clause (v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and on the basis of our examination of the books of account, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales-tax,



Service Tax, Custom Duty, Excise Duty, value added tax, GST, cess and any other dues, during the year, with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, value added tax, GST, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales-tax, Excise Duty, GST and Service Tax which have not been deposited as on March 31, 2019, on account of disputes with the related authorities.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions or banks and dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, term loans taken have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid Managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause (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 with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, and corresponding details have been disclosed in the financial statements, as required by the applicable Indian Accounting Standards.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, requirement under clause (xiv) is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, requirement under clause (xv) is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.



**For KRA & Co.  
Chartered Accountants  
(Firm Registration No.020266N)**

**Sd/-  
Rajat Goyal  
Partner  
Membership No.: 503150**

**Place: Delhi  
Date: May 24, 2019**



## **ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RCI INDUSTRIES & TECHNOLOGIES LIMITED**

**(Referred to in Paragraph 2 point (f) under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **RCI INDUSTRIES & TECHNOLOGIES LIMITED** (“the Company”) as at March 31, 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

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

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

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

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



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

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

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For KRA & Co.**  
**Chartered Accountants**  
**(Firm Registration No.020266N)**

**Sd/-**  
**Rajat Goyal**  
**Partner**  
**Membership No.: 503150**

**Place: Delhi**  
**Date: May 24, 2019**



**RCI INDUSTRIES & TECHNOLOGIES LTD**  
**STANDALONE BALANCE SHEET AS AT 31 MARCH 2019**

Particular	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	92,16,72,527	54,02,27,208
Capital work-in-progress	2	10,33,95,739	9,18,48,659
Intangible Assets	3	31,07,171	-
Intangible Assets under Development		-	56,35,250
Financial Assets			
Investments	4	4,67,22,000	4,67,22,000
Loans	5	1,34,33,404	1,31,40,615
Other non-current assets	6	11,59,72,609	4,91,61,384
<b>Total Non - Current Assets</b>		<b>1,20,43,03,449</b>	<b>74,67,35,116</b>
<b>Current assets</b>			
Inventories	7	1,18,39,86,642	1,00,27,62,834
Financial Assets			
Investments	4	2,61,90,839	44,68,485
Trade receivables	8	2,10,32,91,380	1,97,41,69,336
Cash and cash equivalents	9	1,32,23,201	1,31,24,398
Other Bank Balances	10	11,32,55,212	14,43,41,052
Loans	5	2,36,14,670	4,92,35,557
Other financial assets	11	1,49,04,154	72,96,696
Other current assets	6	30,98,80,138	34,16,27,397
<b>Total Current Assets</b>		<b>3,78,83,46,236</b>	<b>3,53,70,25,756</b>
Assets held for Sale		-	1,42,60,759
<b>Total Assets</b>		<b>4,99,26,49,685</b>	<b>4,29,80,21,631</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	13,43,64,150	13,43,64,150
Instruments entirely equity in nature (Compulsorily Convertible Debentures)	13	50,40,00,000	50,40,00,000
<b>Other equity</b>			
Reserves and surplus	13	50,93,37,184	34,68,80,609
Other reserves	13	68,42,41,395	68,42,41,395
<b>Total equity</b>		<b>1,83,19,42,729</b>	<b>1,66,94,86,154</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	14	37,08,05,665	5,23,73,297
Provisions	18	86,66,957	60,20,876
Deferred tax liabilities (net)	27	1,52,15,460	1,32,04,121
<b>Total Non - Current Liabilities</b>		<b>39,46,88,082</b>	<b>7,15,98,294</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	14	1,10,94,27,282	1,15,43,83,717
Trade payables	15	1,47,00,27,778	1,24,50,73,932
Other financial liabilities	16	5,08,28,568	4,57,41,738
Other current liabilities	17	5,38,56,909	4,29,94,392
Provisions	18	2,92,555	3,83,996
Current Tax Liabilities (net)		8,15,85,782	6,83,59,407
<b>Total Current Liabilities</b>		<b>2,76,60,18,875</b>	<b>2,55,69,37,183</b>
<b>Total Equity and Liabilities</b>		<b>4,99,26,49,685</b>	<b>4,29,80,21,631</b>

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

**For KRA & Co.**

**Chartered Accountants**

Firm's Registration Number: 020266N

(Rajeev Gupta)  
Managing Director  
DIN- 00503196

(Mamta Gupta)  
Director  
DIN- 00503302

Rajat Goyal  
Partner  
Membership No. 503150  
Place: Delhi  
Date: May 24, 2019

(Inder Prakash Saboo)  
Chief Financial Officer

(Raman Singh)  
Company Secretary  
M No. A322716

# Standalone Statement of Profit & Loss for the year ended March 31, 2019

Particular	Note	For the year ended 31st March 2019	For the year ended 31st March 2018
Revenue from operations	19	16,36,93,87,076	16,20,46,52,033
Other Income	20	5,41,96,922	4,68,66,996
<b>Total Income [A]</b>		<b>16,42,35,83,998</b>	<b>16,25,15,19,028</b>
<b>Expenses</b>			
Cost of Material Consumed	21	9,72,64,62,256	9,13,29,57,104
Purchase of stock-in-trade		5,79,19,07,666	6,80,31,61,442
Change in Inventories of Finished Goods/ Stock in Trade/ Work in Progress	22	(7,71,13,997)	(40,11,79,167)
Employee benefit expenses	23	12,53,56,915	8,79,18,950
Finance Costs	24	24,00,36,339	19,05,11,704
Depreciation and amortisation expense	25	11,18,83,857	4,98,77,931
Other expenses	26	23,98,88,951	16,16,06,696
<b>Total Expenses [B]</b>		<b>16,15,84,21,988</b>	<b>16,02,48,54,660</b>
<b>Profit before tax</b>		<b>26,51,62,010</b>	<b>22,66,64,368</b>
Tax Expense:			
Current tax	27	8,78,43,647	6,83,59,407
Deferred tax	27	20,11,339	73,67,811
<b>Profit after tax</b>		<b>17,53,07,024</b>	<b>15,09,37,150</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of the net defined benefit liability		4,82,100	4,03,534
<b>Total other comprehensive income, net of tax</b>		<b>4,82,100</b>	<b>4,03,534</b>
<b>Total comprehensive income for the year</b>		<b>17,57,89,124</b>	<b>15,13,40,684</b>
<b>Earnings per equity share</b>			
Equity shares of par value Rs.10/- each			
Basic		13.05	11.23
Diluted		11.18	11.23

The accompanying notes form an integral part of the standalone financial statements.  
As per our report of even date attached

## For KRA & Co.

### Chartered Accountants

Firm's Registration Number: 020266N

(Rajeev Gupta)  
Managing Director  
DIN- 00503196

(Mamta Gupta)  
Director  
DIN- 00503302

Rajat Goyal  
Partner  
Membership No. 503150  
Place: Delhi  
Date: May 24, 2019

(Inder Prakash Saboo)  
Chief Financial Officer

(Raman Singh)  
Company Secretary  
M No. A322716

RCI INDUSTRIES & TECHNOLOGIES LTD

CIN : L74900DL1992PLC047055

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

# STATEMENTS OF CHANGE IN EQUITY

Particulars	Equity Share Capital						Total equity attributable to equity holders of the Company
			Instruments entirely equity in nature	Other reserve	Reserves and surplus		
	No of Shares	Amount	Compulsorily Convertible Debentures	Securities premium reserve	Retained earnings	Other comprehensive income	
Balance as of April 1, 2017	1,34,36,415	13,43,64,150	-	68,42,41,395	21,23,17,769	(51,946)	1,03,08,71,368
Changes in equity for the year ended Mar 31, 2018							
Add: Remeasurement of the net defined benefit liability						4,03,534	4,03,534
Less: Excess provision with respect to income tax written off and TDS receivable of previous year					(86,10,073)		(86,10,073)
Less: Dividends (including corporate dividend tax)					(81,15,826)		(81,15,826)
Addition during the period			50,40,00,000				50,40,00,000
Add: Profit for the period					15,09,37,150		15,09,37,150
Balance as of Mar 31, 2018	1,34,36,415	13,43,64,150	50,40,00,000	68,42,41,395	34,65,29,021	3,51,588	1,66,94,86,154
Changes in equity for the year ended Mar 31, 2019							
Add: profit for the year					17,53,07,024		17,53,07,024
Remeasurement of the net defined benefit liability						4,82,100	
Less: Dividend Paid					(1,33,32,550)		(1,33,32,550)
							-
Balance as of Mar 31, 2019	1,34,36,415	13,43,64,150	50,40,00,000	68,42,41,395	50,85,03,496	8,33,688	1,83,14,60,629

**RCI INDUSTRIES & TECHNOLOGIES LIMITED****Standalone Cash Flow Statement for the year ended 31st March, 2019**

Particulars	For The Year Ended March 31,2019	For The Year Ended March 31,2018
<b>A. Cash flow from Operating activities</b>		
<b>Profit/ (Loss) before tax</b>	<b>26,51,62,010</b>	<b>22,66,64,368</b>
<i>Adjustments for:</i>		
Depreciation	11,18,83,857	4,98,77,931
Finance Cost	24,00,36,339	19,05,11,704
Dividend income	(1,65,87,354)	-
Interest income	(1,03,18,342)	(2,55,46,229)
(Gain)/ Loss due to change in fair value of Investment	(17,22,354)	33,750
Actuarial Gain / (loss) on defined benefit plan	4,82,100	4,03,534
Other adjustment	-	(86,10,073)
<b>Operating profit before working capital changes</b>	<b>58,89,36,256</b>	<b>43,33,34,985</b>
<i>Movements in working capital :</i>		
(Increase)/ Decrease in Inventories	(18,12,23,808)	(28,12,41,424)
(Increase)/Decrease in Trade Receivables	(12,91,22,044)	(2,05,74,767)
(Increase)/Decrease in Loans	2,53,28,098	(2,19,77,024)
(Increase)/Decrease in Other Financial asset	(25,66,372)	-
(Increase)/Decrease in Other asset	(10,34,23,373)	(9,79,71,678)
Increase/(Decrease) in Trade Payables	22,49,53,846	4,34,19,904
Increase/(Decrease) in Other Financial Liabilities	50,86,829	(2,23,25,545)
Increase/(Decrease) in Other current Liabilities	1,08,62,517	(5,68,77,282)
Increase/(Decrease) in Provisions	25,54,640	22,09,864
<i>Cash generated from operations</i>	<b>44,13,86,589</b>	<b>(2,20,02,967)</b>
Income tax Refund/ (paid) during the year	(62,57,865)	(2,88,22,170)
<b>Net cash from operating activities (A)</b>	<b>43,51,28,725</b>	<b>(5,08,25,137)</b>
<b>B. Cash flow from Investing activities</b>		
Purchase of Fixed assets	(48,80,87,417)	(33,22,28,439)
(Purchase)/Sale Of Current Investment	(2,00,00,000)	(40,00,000)
(Increase)/Decrease in investment in fixed deposit	3,10,85,840	37,51,61,373
Interest received	52,77,256	2,49,86,044
Dividend Received	1,65,87,354	-
<b>Net cash from investing activities (B)</b>	<b>(45,51,36,967)</b>	<b>6,39,18,978</b>
<b>C. Cash flow from Financing activities</b>		
Proceeds from issue of Compulsory convertible debentures	-	50,40,00,000
Increase / (Decrease) in borrowings	27,34,75,933	(30,91,76,767)
Finance cost paid	(24,00,36,339)	(19,05,11,704)
Dividend Paid including corporate dividend tax	(1,33,32,550)	(81,15,826)
<b>Net cash from financing activities (C)</b>	<b>2,01,07,045</b>	<b>(38,04,296)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>98,802</b>	<b>92,89,545</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,31,24,398</b>	<b>38,34,853</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,32,23,201</b>	<b>1,31,24,398</b>

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

**For KRA & Co.****Chartered Accountants**

Firm's Registration Number: 020266N

(Rajeev Gupta)  
Managing Director  
DIN- 00503196

(Mamta Gupta)  
Director  
DIN- 00503302

Rajat Goyal  
Partner  
Membership No. 503150  
Place: Delhi  
Date: May 24, 2019

(Inder Prakash Saboo) (Raman Singh)  
Chief Financial Officer Company Secretary  
M No. A322716



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**RCI INDUSTRIES AND TECHNOLOGIES LIMITED**  
**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDING ON MARCH 31, 2019**

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**Note 1: CORPORATE INFORMATION**

The Company was incorporated on January 7, 1992 and is a public limited company, equity shares of which are listed on the Bombay Stock Exchange. The main object of the company is to manufacture, import, export, trade and otherwise deal in all types of metal and metal products thereof.

**Note 1.1: SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") and the rules issued thereunder.

Company has adopted Ind AS 115 "Revenue from Contract with Customers" starting April 01, 2018, Company has elected to apply the cumulative catch up approach for application of Ind AS 115.

**B. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liability as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognized in the period in which results are ascertained.

**C. Cash Flow Statement**

Cash flow statement is prepared in accordance with IndAS-7 using the indirect method

**D. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost of Tangible Assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use.

All costs, attributable to the fixed assets are capitalized. Subsequent expenditures related to an item of Tangible Asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Projects under which assets are not ready for their intended use are disclosed under Capital Work-in- Progress.

**E. Employee Benefits**

The amount paid/ payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus, is valued on an undiscounted basis and charged to the statement of profit and loss for the year.

Defined contribution plans: Fixed contribution to provident and other funds which are defined contribution schemes are absorbed in the accounts at actual cost to the company.



Defined benefit plans:

Defined benefit costs are categorized as follows:

- 1) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- 2) net interest expense or income; and
- 3) re-measurement The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in reserve and surplus and is not reclassified to profit or loss.

Gratuity: The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted using the projected unit credit method, as adjusted for unrecognized past services cost if any, is recognized in the accounts. Actuarial gains and losses are recognized in full in the statement of profit and loss as a other comprehensive income and losses for the period in which they occur. Compensated Absences/ Leave Encashment: The Company has a scheme for compensated absences for employees, the liability other than for short term compensated absences is determined on actuarial valuation using the projected unit credit method. Actuarial gain and losses are recognized in full in the profit and loss statement for the period in which they occur.

#### **F. Leases**

**Operating Leases:** Lease arrangement where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss account on a straight-line basis.

**Finance Leases:** Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases.

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease. Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease.

#### **G. Insurance Claims**

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

#### **H. Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any, except in case of by products which are valued at net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their present location and condition.

#### **I. Earnings Per Share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

#### **J. Depreciation**

Pursuant to Companies Act, 2013, the company depreciates its assets by the estimated useful life of the fixed assets on written down value as prescribed under Schedule II of the Companies Act, 2013.



## **K Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

### **1) Financial assets**

#### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order 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.

Financial assets measured at fair value Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these 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. Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss.

#### **Impairment of financial assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised.

#### **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing of the proceeds received.

### **2) Financial liabilities and equity instruments**

#### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.



#### Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

#### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### **3) Derivative financial instruments and hedge accounting**

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce market risks

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

#### **L. Revenue recognition**

- a) Sale of goods is recognised at its transaction price when the company has satisfies its performance obligation under the contract. Sales include amounts recovered towards excise duty and exclude sales tax/value added tax/ GST.
- b) Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered.
- c) Export benefits are accounted for on accrual basis.

#### **M. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transactions or the rate that approximates the actual rate at the date of the transaction. Monetary items denominated in foreign currencies at the year end are restated at year end rates. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

#### **N. Provision for Current and Deferred Tax**

Tax expense comprising current tax and deferred tax are recognized in statement of profit and loss account for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The effect on deferred tax assets and liabilities due to change in such assets/ liabilities as at the end of accounting period as compared to that at the beginning of the period due to a change in tax rates are recognized in the income statement for the period.

#### **O. Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes on financial statement. Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.



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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note:2 - PROPERTY, PLANT AND EQUIPMENT**

Particulars	Land	Leasehold Equipments	Container	Buildings	Plant and machinery	Motor Vehicles	Furniture & Fittings	Electronic Installation	Office Equipment	Computer & Printers	Capital Work-in-progress	Total
Gross carrying value as of April 1, 2017	4,70,20,818	1,86,545	4,05,000	4,39,67,369	13,93,19,439	3,23,70,231	8,17,858	1,05,30,342	58,19,223	27,33,565	15,98,41,072	44,30,11,463
Additions	7,30,41,241			2,19,37,891	26,03,40,334	67,26,124	34,83,998	1,24,25,180	18,58,946	5,11,129	20,80,23,323	58,83,48,166
Deletions					-						(27,60,15,736)	(27,60,15,736)
Gross carrying value as of March 31, 2018	12,00,62,059	1,86,545	4,05,000	6,59,05,260	39,96,59,774	3,90,96,355	43,01,856	2,29,55,522	76,78,169	32,44,694	9,18,48,659	75,53,43,892
Accumulated depreciation as of April 1, 2017	-	1,39,966	1,96,067	1,76,44,698	3,15,30,338	1,73,74,443	5,90,941	14,52,214	32,23,988	12,37,440	-	7,33,90,094
For the period		9,564	28,689	40,30,680	3,27,28,229	58,23,706	64,099	47,10,299	15,75,077	9,07,588		4,98,77,931
Deduction / Adjustments during the year					-							-
Accumulated depreciation as of March 31, 2018	-	1,49,530	2,24,756	2,16,75,378	6,42,58,567	2,31,98,149	6,55,040	61,62,512	47,99,065	21,45,027	-	12,32,68,025
Gross carrying value as of April 1, 2018	12,00,62,059	1,86,545	4,05,000	6,59,05,260	39,96,59,774	3,90,96,355	43,01,856	2,29,55,522	76,78,169	32,44,694	9,18,48,659	75,53,43,892
Additions	4,70,96,330			19,63,63,355	23,05,67,215	1,13,399	1,11,125	1,50,80,666	7,97,929	6,58,878	50,23,48,177	99,31,37,074
Deletions											(49,08,01,097)	(49,08,01,097)
Gross carrying value as of March 31, 2019	16,71,58,389	1,86,545	4,05,000	26,22,68,615	63,02,26,989	3,92,09,754	44,12,981	3,80,36,188	84,76,098	39,03,572	10,33,95,739	1,25,76,79,868
Accumulated depreciation as of April 1, 2018	-	1,49,530	2,24,756	2,16,75,378	6,42,58,567	2,31,98,149	6,55,040	61,62,512	47,99,065	21,45,027	-	12,32,68,025
For the period		7,598	24,749	1,35,82,982	7,92,61,440	50,91,465	8,27,395	81,24,105	15,67,342	8,56,502		10,93,43,578
Deduction / Adjustments during the year												-
Accumulated depreciation as of March 31, 2019	-	1,57,128	2,49,505	3,52,58,360	14,35,20,007	2,82,89,614	14,82,435	1,42,86,617	63,66,407	30,01,529	-	23,26,11,603
												-
Carrying value as of March 31, 2019	16,71,58,389	29,417	1,55,495	22,70,10,254	48,67,06,982	1,09,20,140	29,30,546	2,37,49,570	21,09,691	9,02,042	10,33,95,739	1,02,50,68,265
Carrying value as of March 31, 2018	12,00,62,059	37,015	1,80,244	4,42,29,881	33,54,01,207	1,58,98,206	36,46,816	1,67,93,009	28,79,104	10,99,666	9,18,48,659	63,20,75,867

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**Note:3 - INTANGIBLE ASSETS**

Particulars	Software	Total
Gross carrying value as of April 1, 2017	-	-
Additions	-	-
Deletions	-	-
Gross carrying value as of March 31, 2018	-	-
Accumulated depreciation as of April 1, 2017		-
For the period		-
Deduction / Adjustments during the period		-
Accumulated depreciation as of March 31, 2018		-
Gross carrying value as of April 1, 2018	-	-
Additions	56,47,450	56,47,450
Deletions		-
Gross carrying value as of March 31, 2019	56,47,450	56,47,450
Accumulated depreciation as of April 1, 2018		-
For the period	25,40,279	25,40,279
Deduction / Adjustments during the period		-
Accumulated depreciation as of March 31, 2019	25,40,279	25,40,279
		-
Carrying value as of March 31, 2019	31,07,171	31,07,171
Carrying value as of March 31, 2018	-	-

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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note:4 INVESTMENTS**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Non-current investments</b>		
<b>Unquoted Investments</b>		
<b>Investment in Wholly Owned Subsidiaries at cost</b>		
Investment in Equity share of RCI Skills & Development Pvt Ltd (10,000/- equity share of Rs 10 each, fully paid)	1,00,000	1,00,000
Investment in Equity share of RCI World Trade Link DMCC, Dubai (2500/- equity share of AED 1000 each, fully paid)	4,66,22,000	4,66,22,000
	<b>4,67,22,000</b>	<b>4,67,22,000</b>
<b>Current investments</b>		
<b>Other Investments at FVTPL</b>		
<b>Investments in mutual funds</b>		
50,000 unit of CP7G-Union Capital Protection Oriented Fund Series 7 - Regular Plan - Growth	5,73,945	5,29,470
3,99,990 unit of PFG-Union Balanced Advantage Fund Regular Plan - Growth	42,27,894	39,39,015
20,00,000 unit of CBG-Union Corporate Bond Fund Regular Plan - Growth	2,13,89,000	
	<b>2,61,90,839</b>	<b>44,68,485</b>
<b>Total carrying value</b>	<b>7,29,12,839</b>	<b>5,11,90,485</b>

Aggregated amount of Quoted investments and value thereof	2,61,90,839	44,68,485
Aggregated amount of Unquoted investments	4,67,22,000	4,67,22,000

**Note:5 LOANS**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Non Current</b>		
<b>Unsecured, considered good</b>		
Security Deposits	1,24,69,244	1,21,79,755
Loans to related parties	9,64,160	9,60,860
	<b>1,34,33,404</b>	<b>1,31,40,615</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Security Deposits	12,98,400	61,54,150
Other loans and advances	2,23,16,270	4,30,81,407
<b>Total carrying value</b>	<b>2,36,14,670</b>	<b>4,92,35,557</b>

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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note:6 OTHER ASSETS**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Non-current</b>		
Capital Advances	11,59,72,609	4,91,61,384
	<b>11,59,72,609</b>	<b>4,91,61,384</b>
<b>Current</b>		
Advance to vendors for supply of goods/services	1,87,44,168	1,38,22,644
Balances with Govt. Authorities	27,99,67,379	31,36,43,365
Prepaid Expenses	1,11,68,590	1,41,61,388
	<b>30,98,80,138</b>	<b>34,16,27,397</b>
<b>Total Other Assets</b>	<b>42,58,52,747</b>	<b>39,07,88,781</b>

**Note:7 INVENTORIES**

Particulars	As at	
	31.03.2019	31.03.2018
Raw Materials	26,39,21,296	15,98,11,485
Work in Progress	65,87,08,017	47,18,11,119
Finished Goods	15,81,60,692	7,73,01,306
Stores & Spares	4,22,32,171	1,86,82,745
Stock in trade	6,09,64,466	27,51,56,179
	<b>1,18,39,86,642</b>	<b>1,00,27,62,834</b>

7.1 The inventories are valued at lower of Cost or Net Realizable Value

7.2 The Stores and spares having useful life greater than one year is classified under property plant & equipment as per IND AS- 16

**Note:8 TRADE RECEIVABLES**

Particulars	As at	
	31.03.2019	31.03.2018
Secured, considered good	-	-
Unsecured, considered good	2,10,32,91,380	1,97,41,69,336
<b>Total carrying value</b>	<b>2,10,32,91,380</b>	<b>1,97,41,69,336</b>

<b>Ageing of trade receivables</b>		
Due for more than six months	16,65,51,778	4,17,23,556
Other	1,93,67,39,602	1,93,24,45,780
<b>Total</b>	<b>2,10,32,91,380</b>	<b>1,97,41,69,336</b>

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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note:9 CASH AND CASH EQUIVALENTS**

Particulars	As at	
	31.03.2019	31.03.2018
Balances with banks		
In current accounts	28,46,954	69,56,797
Cash on hand	1,03,76,247	61,67,602
	<b>1,32,23,201</b>	<b>1,31,24,398</b>

**Note:10 OTHER BANK BALANCES**

Particulars	As at	
	31.03.2019	31.03.2018
Unpaid Dividend accounts	18,292	9,955
Balances with banks held as margin money deposits	11,32,36,920	14,43,31,098
	<b>11,32,55,212</b>	<b>14,43,41,052</b>
Balances with banks held as margin money deposits against guarantees	11,32,36,920	14,43,31,098

10.1 If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be called "Unpaid Dividend Account". The above amount includes Rs. 10,130 as excess deposited by the company in dividend accounts. The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

10.2 Amounts in margin money deposits represents the amount deposited with the banks/ financial institutions towards margin money under the stipulation of Sanctioned Credit Facility for issuance of Letter of Credit, Bank Guarantees including both financial and performance guarantees, LOU/LUT etc from Banks/ financial institutions.

**Note:11 OTHER FINANCIAL ASSETS**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Current</b>		
Interest accrued on deposit	56,56,043	6,14,956
Insurance Claims	92,48,112	66,81,740
<b>Total</b>	<b>1,49,04,154</b>	<b>72,96,696</b>
Financial assets carried at amortized cost	1,49,04,154	72,96,696
Financial assets carried at fair value through Profit or Loss	-	-

**Note - 12 EQUITY SHARE CAPITAL**

Particulars	As at	
	31.03.2019	31.03.2018
Authorized		
Equity shares, Rs. 10/- par value		
2,50,00,000 (PY: 1,50,00,000) equity shares	25,00,00,000	15,00,00,000
Issued, Subscribed and Paid-Up		
Equity shares, Rs. 10/- par value		
1,34,36,415 (PY: 1,34,36,415) equity shares fully paid-up	13,43,64,150	13,43,64,150
	<b>13,43,64,150</b>	<b>13,43,64,150</b>

**12.1** The authorised equity shares were 1,50,00,000 and the issued, subscribed and paid-up shares were 1,34,36,415 as of April 1, 2017. The company has increased its authorised capital from Rs. 1500 Lakhs to Rs. 2500 Lakhs comprising of 250 Lakhs equity shares having face value of Rs. 10 each as approved in General Meeting of the members held on March 28, 2018

**12.2** The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- . Each holder of equity shares is entitled to one vote per share.

**12.3** The details of shareholder holding more than 5% shares are set out below :

Name of the shareholder	31.03.2019	31.03.2018
	Number and Shareholding %	Number and Shareholding %
Rajeev Gupta	47,64,720 (35.46%)	4,764,720 (35.46%)
Ace Matrix Solutions Ltd.	17,51,900 (13.04%)	1,751,900 (13.04%)
Metalrod Pvt Ltd.	812,500 (6.05%)	812,500 (6.05%)

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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note 13: OTHER EQUITY**

Particulars	Instruments entirely equity in nature	Other reserve	Reserves and surplus		Total
	Compulsorily Convertible Debentures	Securities premium reserve	Retained earnings	Other comprehensive income	
<b>Balance as of April 1, 2017</b>	-	68,42,41,395	21,23,17,769	(51,946)	89,65,07,218
<b>Changes in equity for the year ended Mar 31, 2018</b>					
Add: Remeasurement of the net defined benefit liability				4,03,534	4,03,534
Less: Excess provision with respect to income tax written off and TDS receivable of previous year			(86,10,073)		(86,10,073)
Less: Dividend Paid (including corporate dividend tax)			(81,15,826)		(81,15,826)
Add: Additions during the year	50,40,00,000				50,40,00,000
Add: Profit for the year			15,09,37,150		15,09,37,150
<b>Balance as of Mar 31, 2018</b>	<b>50,40,00,000</b>	<b>68,42,41,395</b>	<b>34,65,29,021</b>	<b>3,51,588</b>	<b>1,53,51,22,004</b>
<b>Changes in equity for the year ended Mar 31, 2019</b>					
Add: Profit for the year			17,53,07,024		17,53,07,024
Add: Remeasurement of the net defined benefit liability				4,82,100	4,82,100
Less: Dividend Paid			(1,33,32,550)		(1,33,32,550)
					-
<b>Balance as of Mar 31, 2019</b>	<b>50,40,00,000</b>	<b>68,42,41,395</b>	<b>50,85,03,496</b>	<b>8,33,688</b>	<b>1,69,75,78,579</b>

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**Note:14 BORROWINGS**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Non-current</b>		
Term Loans		
Unsecured at amortized cost		
-From Related Parties	37,08,05,665	5,23,73,297
	<b>37,08,05,665</b>	<b>5,23,73,297</b>
<b>Current</b>		
Loans Repayable on Demand		
Secured at amortized cost		
-From Banks	1,10,94,27,282	1,15,43,83,717
	<b>1,10,94,27,282</b>	<b>1,15,43,83,717</b>
<b>Total financial liabilities</b>	<b>1,48,02,32,947</b>	<b>1,20,67,57,014</b>
Financial liability carried at amortized cost	1,48,02,32,947	1,20,67,57,014

14.1 Secured loan repayable on demand comprises cash credit balances secured by a pari-passu charge on current assets and moveable fixed assets of the Company. These are further secured by the Collateral Security given by the company.

**Note:15 TRADE PAYABLES**

Particulars	As at	
	31.03.2019	31.03.2018
Trade Payables	38,66,30,997	62,47,39,746
Acceptances	1,08,33,96,781	62,03,34,186
<b>Total Trade Payables</b>	<b>1,47,00,27,778</b>	<b>1,24,50,73,932</b>
Financial liability carried at amortized cost	1,47,00,27,778	1,24,50,73,932
Financial liability carried at fair value through profit or loss		-

**Note:16 OTHER FINANCIAL LIABILITIES**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Current</b>		
Creditors for capital Goods	3,76,30,933	2,61,04,810
Expenses Payable	1,31,89,473	1,92,33,029
Other liabilities	8,162	4,03,899
<b>Total</b>	<b>5,08,28,568</b>	<b>4,57,41,738</b>
Financial liability carried at amortized cost	5,08,28,568	4,57,41,738
Financial liability carried at fair value through profit or loss	-	-



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**Note:17 OTHER LIABILITIES**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Current</b>		
Statutory Dues	59,94,330	34,68,262
Advance from customer	4,78,62,579	3,95,26,130
<b>Total other liabilities</b>	<b>5,38,56,909</b>	<b>4,29,94,392</b>

**Note:18 PROVISIONS**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Non-current</b>		
Provision for Employees Benefits		
-Gratuity	64,61,080	48,05,699
-Leave Encashment	22,05,877	12,15,177
	<b>86,66,957</b>	<b>60,20,876</b>
<b>Current</b>		
Provision for Employees Benefits		
-Gratuity	1,87,795	3,46,800
-Leave Encashment	1,04,760	37,196
	<b>2,92,555</b>	<b>3,83,996</b>
<b>Total Provision for Employee Benefits</b>	<b>89,59,512</b>	<b>64,04,872</b>

**Note:19 REVENUE FROM OPERATIONS**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Sale of Products		
Domestic Sales	15,82,00,78,038	15,75,45,25,311
Export Sales	52,59,10,816	40,04,13,060
Sale of Services	69,41,931	4,60,26,315
Other Operating Revenues #	1,64,56,290	36,87,347
	<b>16,36,93,87,076</b>	<b>16,20,46,52,033</b>

# Other operating revenue comprises export incentives of INR 129.54 Lakhs (PY: INR 36.87 Lakhs)

**Note:20 OTHER INCOME**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Interest income		
-Fixed Deposits	89,63,455	2,46,37,944
-Others	13,54,887	9,08,284
Exchange gains fluctuations	2,54,85,906	1,95,03,380
Dividend Income	1,65,87,354	-
Miscellaneous income	18,05,319	18,17,386
	<b>5,41,96,922</b>	<b>4,68,66,996</b>

**Note:21 COST OF MATERIALS CONSUMED**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Opening stock	15,98,11,485	27,97,49,226
Add: Purchases	9,83,05,72,067	9,01,30,19,363
Less: Closing Stock	26,39,21,296	15,98,11,485
	<b>9,72,64,62,256</b>	<b>9,13,29,57,104</b>

**Note:22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>Opening Stock</b>		
Finished goods	7,73,01,306	3,59,67,768
Work-in-progress	47,18,11,119	1,77,22,345
Stock-in-trade	27,51,56,179	38,80,82,069
Stores & Spares	1,86,82,745	-
	84,29,51,349	44,17,72,182
<b>Closing Stock</b>		
Finished goods	15,81,60,692	7,73,01,306
Work-in-progress	65,87,08,017	47,18,11,119
Stock-in-trade	6,09,64,466	27,51,56,179
Stores & Spares	4,22,32,171	1,86,82,745
	92,00,65,346	84,29,51,349
	<b>(7,71,13,997)</b>	<b>(40,11,79,167)</b>

**Note:23 EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Employee benefit expenses		
Salary & Wages	10,85,61,186	7,34,07,452
Contribution to provident & other funds	41,96,317	30,78,296
Director's remuneration	48,00,000	48,00,000
Provision for Gratuity/ Leave Encashment	37,15,185	29,19,505
Contribution to ESIC/ Insurance Linked Expenses	16,07,473	11,32,955
Staff welfare expenses	24,76,754	25,80,743
	<b>12,53,56,915</b>	<b>8,79,18,950</b>

**Note:24 FINANCE COSTS**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Interest Expense on borrowings	18,13,05,628	14,26,58,111
Interest Expense on others	3,08,68,486	2,45,20,521
Other borrowing costs	2,78,62,225	2,33,33,071
	<b>24,00,36,339</b>	<b>19,05,11,704</b>

**Note:25 Depreciation and amortisation expense**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Depreciation on property, plant & equipment	10,93,43,578	4,98,77,931
Amortization of intangible assets	25,40,279	-
	<b>11,18,83,857</b>	<b>4,98,77,931</b>

**Note:26 OTHER EXPENSES**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Audit Fees	5,50,000	4,00,000
Business Promotion Expenses	5,92,858	3,88,786
Excise duty expense	-	4,20,16,297
Clearing & Forwarding Charges	37,84,027	13,79,848
Commission on Sales	3,75,052	7,44,472
Consumable Expenses	74,88,118	18,50,706
Conveyance & Travelling Expenses	83,74,042	46,19,558
Donation & Charity	56,450	17,330
Freight & Cartage	2,40,52,448	2,36,81,565
General Expenses	68,57,980	12,79,493
Insurances	39,23,690	25,66,691
Indirect & Direct Taxes Paid	8,99,258	4,17,967
Legal and Professional Charges	2,28,14,677	2,05,75,110
Loss on re-measurement of Financial Asset	-	33,750
loss on foreign currency transaction and translation	4,83,16,073	-
Other government charges and taxes	27,12,518	1,34,663
Packing Charges	29,71,265	23,75,430
Pollution Expenses	3,00,000	1,31,666
Power & Fuel	6,74,92,639	3,08,93,256
Printing & Stationary Expenses	6,05,798	5,74,104
Prior Period Expenses	1,01,242	1,81,290
Rebate, Claims and Discount Expenses	26,71,137	2,41,016
Rent, rate and Taxes	29,72,286	25,03,475
Repair & Maintenance	74,74,224	72,25,046
Security Services	52,19,556	45,64,850
Shipment Expenses	1,50,04,510	72,53,212
Telephone & Postage Expenses	9,59,259	9,08,516
Vehicle Running & maintenance expenses	33,19,844	46,48,600
	<b>23,98,88,951</b>	<b>16,16,06,696</b>

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**Note 27 INCOME TAXES**

Income tax expense in the statement of profit and loss comprises:

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Current taxes	8,78,43,647	6,83,59,407
Deferred taxes	20,11,339	73,67,811
<b>Income tax expense</b>	<b>8,98,54,986</b>	<b>7,57,27,218</b>

- 27.1 A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	For the year ended 31st March 2019
Profit before income taxes	26,51,62,010
Tax Expense at Statutory tax rates of @33.384%	8,85,21,685
<b>Adjustments:</b>	
Effect of income taxable at lower rates (Dividend income taxable @ 16.697%)	(27,68,761)
Effect of expenses that are not deductible in determining taxable profit	52,60,264
Others	(31,69,542)
<b>Income tax expense</b>	<b>8,78,43,647</b>
<b>Current Tax expense reported in the Statement of Profit and Loss</b>	<b>8,78,43,647</b>

- 27.2 The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:

Particulars	As at	
	31.03.2019	31.03.2018
<b>Deferred tax assets</b>		
Temporary Disallowance under Income tax Act (Section 43B disallowances)	22,19,660	-
<b>Total deferred tax assets (B)</b>	<b>22,19,660</b>	<b>-</b>
<b>Deferred tax liabilities</b>		
Property Plant & Equipment and Intangible Assets	1,74,35,120	1,32,04,121
<b>Total deferred tax liabilities (A)</b>	<b>1,74,35,120</b>	<b>1,32,04,121</b>
<b>Net Deferred tax liabilities (A-B)</b>	<b>1,52,15,460</b>	<b>1,32,04,121</b>

27.2.1 Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

27.2.2 In assessing the realizability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the

**Note 28: Employee benefit Plan****(A) Defined benefit Plan**

**The defined benefit plan operated by the Company is as below:**

**Retiring gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company does not make any contributions to gratuity funds and the plan is unfunded. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

**The defined benefit plans expose the Company to a number of actuarial risks as below:**

**(a) Interest risk:** A decrease in the bond interest rate will increase the plan liability.

**(b) Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**(c) Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

**The following table sets out the amounts recognised in the financial statements in respect of retiring gratuity plan:**

**(i) Change in Defined Benefit Obligation (DBO) during the year**

Particulars	31.03.2019	31.03.2018
Present value of DBO at the beginning of the year	51,52,499	41,87,442
Current service cost	20,53,585	13,58,274
Interest cost	4,06,532	3,14,058
Actuarial loss arising from changes in financial assumptions	1,11,411	(2,88,266)
Actuarial loss arising from changes in experience adjustments	(5,93,511)	(1,15,267)
Benefits paid	(4,81,641)	(3,03,742)
<b>Present value of DBO at the end of the year</b>	<b>66,48,875</b>	<b>51,52,499</b>

**(ii) Change in fair value of plant assets during the year**

Particulars	31.03.2019	31.03.2018
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer contributions	4,81,641	3,03,742
Benefits paid	(4,81,641)	(3,03,742)
Fair value of plan assets at the end of the year	-	-

**(iii) Amounts recognised in the Balance Sheet**

Particulars	31.03.2019	31.03.2018
Present value of DBO at the end of the year	66,48,875	51,52,499
Fair value of plan assets at the end of the year	-	-
<b>Net Liability recognised in the Balance Sheet</b>	<b>66,48,875</b>	<b>51,52,499</b>

**(iv) Components of employer expense**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Current service cost	20,53,585	13,58,274
Interest cost	4,06,532	3,14,058
<b>Expense recognised in Statement of Profit and Loss</b>	<b>24,60,117</b>	<b>16,72,332</b>

**(v) Other comprehensive income**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Actuarial loss arising from changes in financial assumptions	1,11,411	(2,88,266)
Actuarial loss arising from changes in experience adjustments	(5,93,511)	(1,15,267)
<b>Remeasurements recognised in other comprehensive income</b>	<b>(4,82,100)</b>	<b>(4,03,533)</b>

**(vi) Nature and extent of investment details of the plan assets**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
State and Central Securities	0%	0%
Bonds	0%	0%
Special deposits	0%	0%
Insurer managed funds	0%	0%

**(vii) Assumptions**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Discount Rate	7.77%	7.89%
Rate of increase in Compensation levels	8.00%	8%
Rate of Return on Plan Assets	NA	NA

**(viii) Sensitivity Analysis**

Particulars	31.03.19	Impact (Absolute)	Impact %
Base Liability	66,48,875		
Increase Discount Rate by 0.50%	62,02,028	(4,46,847)	-6.72%
Decrease Discount Rate by 0.50%	71,43,853	4,94,978	7.44%
Increase Salary Inflation by 1%	76,68,999	10,20,124	15.34%
Decrease Salary Inflation by 1%	57,92,229	(8,56,646)	-12.88%
Increase in Withdrawal Rate by 1%	65,55,771	(93,104)	-1.40%
Decrease in Withdrawal Rate by 1%	67,47,513	98,638	1.48%

**(B) Defined Contribution Plan****Provident fund and pension**

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the employee provident fund organization (EPFO).

The total expenses recognised in the statement of profit and loss during the year on account of defined contribution plans amounted to Rs. 41.96 Lakhs (PY: Rs. 30.78 Lakhs)



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**Note: 29 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNING PER SHARE**

(A) The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Particulars	31.03.2019	31.03.2018
Basic earnings per equity share - weighted average number of equity shares outstanding (Nos)	1,34,36,415	1,34,36,415
Effect of dilutive shares (Nos)	22,40,000	-
Diluted earnings per equity share - weighted average number of equity shares outstanding (Nos)	1,56,76,415	1,34,36,415

29.1 During the previous year Company allotted 5,60,000 unsecured zero coupon compulsorily convertible debenture (CCD) of the face value of INR 900 each, by way of preferential allotment on private placement basis as approved by the board of directors during the meeting held on March 31, 2018.

29.2 The CCDs shall be converted into equity shares on or before the completion of 18 months from the date of allotment of CCDs. 1 (one) CCD shall be converted into 4 (four) equity shares each. The equity shares to be issued on conversion shall rank pari passu in all respects with the existing equity shares of the company.

29.3 The effect of CCDs for computation of dilutive shares has not been considered in previous year because of the fact that the CCDs were issued on the Closing date of previous year Balance Sheet i.e. at March 31, 2018

**(B) Computation of basic and diluted earning per share**

Particulars	31.03.2019	31.03.2018
<b>Basic earning per share</b>		
Profit after tax	17,53,07,024	15,09,37,150
Weighted average number of shares (For Basic EPS)	1,34,36,415	1,34,36,415
<b>Basic EPS</b>	<b>13.05</b>	<b>11.23</b>
<b>Diluted earning per share</b>		
Profit after tax	17,53,07,024	15,09,37,150
Add/(less): Effect of dilution on profit	-	-
<b>Revised profit after tax</b>	<b>17,53,07,024</b>	<b>15,09,37,150</b>
Weighted average number of shares (For Diluted EPS)	1,56,76,415	1,34,36,415
<b>Diluted EPS</b>	<b>11.18</b>	<b>11.23</b>

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**Note 30 Capital management**

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents and margin money held with financial institutions.

The following table summarises the capital of the Company:

	As at 31st March 2019	As at 31st March 2018
<b>Equity (A)</b>	1,83,19,42,729	1,66,94,86,154
<b>Debt</b>		
Short-term borrowings and current portion of long-term debt (i)	1,10,94,27,282	1,15,43,83,717
Long-term debt (ii)	37,08,05,665	5,23,73,297
Less: deposits with financial institutions (iii)	11,32,55,212	14,43,41,052
Less: Cash and cash equivalents (iv)	1,32,23,201	1,31,24,398
<b>Net debt (i+ii-iii-iv)</b>	1,35,37,54,534	1,04,92,91,564
<b>Total capital (equity + net debt)</b>	3,18,56,97,262	2,71,87,77,718
Net debt to capital ratio	0.42	0.39
Interest coverage ratio (EBITDA/Finance cost)	2.57	2.45

**Note 31: DISCLOSURES ON FINANCIAL INSTRUMENTS**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

**(a) Financial assets and liabilities**

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2019 and March 31, 2018.

**As at March 31, 2019**

Particular	Amortized cost	Fair value through statement of profit and loss	Total
<b>Financial Assets</b>			
Investments	4,67,22,000	2,61,90,839	7,29,12,839
Trade receivables	2,10,32,91,380	-	2,10,32,91,380
Cash and cash equivalents	1,32,23,201	-	1,32,23,201
Other Bank Balances	11,32,55,212	-	11,32,55,212
Loans	3,70,48,074	-	3,70,48,074
Other financial assets	1,49,04,154	-	1,49,04,154
	<b>2,32,84,44,021</b>	<b>2,61,90,839</b>	<b>2,35,46,34,860</b>
<b>Financial Liabilities</b>			
Borrowings	1,48,02,32,947	-	1,48,02,32,947
Trade payables	1,47,00,27,778	-	1,47,00,27,778
Other financial liabilities	5,08,28,568	-	5,08,28,568
	<b>3,00,10,89,293</b>	<b>-</b>	<b>3,00,10,89,293</b>

**Note 31: DISCLOSURES ON FINANCIAL INSTRUMENTS.....Contd.****(a) Financial assets and liabilities****As at March 31, 2018**

<b>Particular</b>	<b>Amortized cost</b>	<b>Fair value through statement of profit and loss</b>	<b>Total</b>
<b>Financial Assets</b>			
Investments	4,67,22,000	44,68,485	5,11,90,485
Trade receivables	1,97,41,69,336	-	1,97,41,69,336
Cash and cash equivalents	1,31,24,398	-	1,31,24,398
Other Bank Balances	14,43,41,052	-	14,43,41,052
Loans	6,23,76,172	-	6,23,76,172
Other financial assets	72,96,696	-	72,96,696
	<b>2,24,80,29,656</b>	<b>44,68,485</b>	<b>2,25,24,98,141</b>
<b>Financial Liabilities</b>			
Borrowings	1,20,67,57,014		1,20,67,57,014
Trade payables	1,24,50,73,932		1,24,50,73,932
Other financial liabilities	4,57,41,738		4,57,41,738
	<b>2,49,75,72,685</b>	<b>-</b>	<b>2,49,75,72,685</b>

**(b) Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments etc.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

<b>Particular</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
	<b>Level 1</b>	
<b>Financial Assets</b>		
Investment in mutual funds	2,61,90,839	44,68,485
	<b>2,61,90,839</b>	<b>44,68,485</b>

There are no other financial asset or financial liability that are carried at fair value through profit or loss or other comprehensive income

**Note 31: DISCLOSURES ON FINANCIAL INSTRUMENTS .....Contd.****(c) Financial risk management**

The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by using financial instruments such as foreign currency forward contracts and appropriate risk management policies as detailed below.

<b>Risk</b>	<b>Nature of risk and instrument effected</b>	<b>Risk management policies</b>
Market risk - currency risk	The fluctuation in foreign currency exchange rates may have a potential impact on the statement of profit and loss and equity. Balances that are subject to currency risk includes trade receivables, trade payables, buyer's credit, exports receipt, short-term and long-term borrowings etc.	Mitigating foreign currency risk using foreign currency forward contracts and through natural hedge from opposite transactions.
Market risk - interest rate risk	Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. Company does not have any long term borrowings at variable interest rates. It only have short term cash credit borrowings. However, interest rate for these are not changed very frequently.	Risk mitigation involved maintaining a combination of fixed and floating rate debt, cash management policies
Market risk - other price risk	Decline in value of equity instruments. Company has invested in mutual funds and is effected by changes in NAV of these funds.	Diversification of portfolio
Credit risk	Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The instrument that are subject to credit risk involves trade receivables, investments, deposits and loans, cash and cash equivalents etc	The Company has a policy of dealing only with credit worthy counter parties. Other risk management policies involves credit approval and monitoring practices, counterparty credit policies and limits and arrangements with financial institutions
Liquidity risk	Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.	The Company has obtained fund and non-fund based working capital lines from various banks. Other risk management policies involves preparing and monitoring forecasts of cash flows, cash management policies, multiple-year credit and banking facilities

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**Note 32: Related party transactions**

Details of related party

Description of relationship	Name of related party
Key Management Personnel (KMP)	Mr. Rajiv Gupta (Managing Director) Mrs. Mamta Gupta (Director)
Relatives of KMP	Mrs. Ritka Gupta - Daughter Mrs. Hembala Gupta - Sister Mr. Pradepp Gupta - Brother
Subsidiaries	RCI World Trade Link DMCC (Dubai) RCI Skill and Development Private Limited
Enterprise in which KMP / Relatives of KMP exercise significant influence	Mamta Global Pvt. Ltd. All Heavens Restaurant Pvt. Ltd. Metalroad Pvt. Ltd. Ace Trade Solution Pvt. Ltd. Blossom Impex Pvt. Ltd. Kay Kay Exim Pvt. Ltd. Ace Matrix Solutions Pvt. Ltd

**(a) Details of transaction with related parties**

Particulars	Subsidiaries	KMP	Relatives of KMP	Enterprise in which KMP / Relatives of KMP exercise significant influence	Total
Purchase of goods	-	-	-	(49,77,463)	(49,77,463)
Receiving of services	-	48,00,000 (48,00,000)	-	29,70,950 (1,20,000)	77,70,950 (49,20,000)
Sale of goods	-	-	-	(13,89,466)	(13,89,466)
Advance received back	-	-	-	(20,25,000)	(20,25,000)
Loans/Investment	(7,500)	-	-	-	(7,500)
Dividend paid	-	53,33,810 (26,66,905)	2,655 (1,327)	32,40,150 16,20,075	85,76,615 (42,88,307)
Dividend received	1,65,87,354	-	-	-	1,65,87,354
Borrowing paid back	(30,00,00,000)	-	-	-	(30,00,00,000)
Borrowings Received	-	31,84,32,368 (5,23,73,297)	-	-	31,84,32,368 (5,23,73,297)

**(b) Closing balances**

Particulars	Subsidiaries	KMP	Relatives of KMP	Enterprise in which KMP / Relatives of KMP exercise significant influence	Total
Expenses payable	-	-	-	26,75,004 (-)	26,75,004 (-)
Investments	4,67,22,000 (4,67,22,000)	-	-	-	4,67,22,000 (4,67,22,000)
Borrowings	-	37,08,05,665 (5,23,73,297)	-	-	37,08,05,665 (5,23,73,297)
Loans	9,64,160 9,60,860	-	-	-	9,64,160 9,60,860

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**Note 33: Corporate Social Responsibility**

The applicability of provisions of Corporate Social Responsibility, as per Companies Act 2013, on the company commenced from the Financial Year 2016-17 as the turnover of the company crossed INR 1000 Crores in the Financial Year 2015-16. Accordingly, Board of Directors constituted Corporate Social Responsibility Committee. Further, company had incorporated a wholly owned subsidiary RCI Skills & Social Development Private Limited towards CSR and Corporate Social Responsibility Committee had given their recommendation to incur the CSR Expenses through the said subsidiary and other organization carrying on CSR activities.

Accordingly the company has spent Rs. 28 Lakhs in the Financial Year 2018-2019 towards contribution to an organization named "Sum Drishti Education Society" for CSR activities.

**Note 34: Contingent Liabilities and Commitments**

Particulars	As at 31.03.2019	As at 31.03.2018
Contingent Liabilities		
Claims against the company / disputed liabilities not acknowledged as debts	-	5,56,647

**Note 35: Other Notes**

(i) Previous year figures are regrouped and reclassified wherever necessary to conform to current year's presentation.

(ii) Company has applied Ind AS 115 "Revenue from Contract with Customers" starting April 01, 2018. The application of the new standard does not having any impact on revenue recognition of Company.

(iii) The total amount outstanding to Small, Medium and Micro Undertakings to the extent that such parties have been identified from available information by the management is Rs. 126.36 Lakhs (PY: Nil).

(iv) The Company has entered into operating lease agreements for certain offices premises, works and warehouses. The lease are for a varying period of time and may be renewed for a further period, based on mutual agreement of the parties. All the leases are classified as operating lease by the Company.

(v) Lease payments of Rs. 29.72 Lakhs (PY 24.04 Lakhs) have been recognised in the statement of Profit & Loss with respect to above mentioned operating lease agreements

(vi) Some of the balances of receivables and payables remains unconfirmed till balance sheet date.

(vii) In the opinion of the management, current assets, financial assets and loans have a value not less than what is stated in the accounts if realised in the ordinary course of business.

**For KRA & Co.****Chartered Accountants**

Firm's Registration Number: 020266N

(Rajeev Gupta)

Managing Director

DIN- 00503196

(Mamta Gupta)

Director

DIN- 00503302

Rajat Goyal

Partner

Membership No. 503150

Place: Delhi

Date: May 24, 2019

(Inder Prakash Saboo) (Raman Singh)

Chief Financial Officer Company Secretary

M No. A322716



## **INDEPENDENT AUDITOR'S REPORT**

TO  
THE MEMBERS OF  
**RCI INDUSTRIES & TECHNOLOGIES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCI INDUSTRIES & TECHNOLOGIES LIMITED**

#### **Report on the Audit of the Consolidated Financial Statements**

##### **Opinion**

We have audited the consolidated financial statements of **RCI INDUSTRIES & TECHNOLOGIES LIMITED** ("hereinafter referred to as the 'Holding Group'") and its subsidiaries (Holding Group and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2019, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

##### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with the provision of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.



S.No.	Key Audit Matter	Auditor's Response & Principal Audit Procedure
1.	Accounting for expenditure on property, plant and equipment.  Company has carried out substantial capitalization during the year. Refer Note 2 of financial statement for details of capitalization during the year	<ul style="list-style-type: none"> <li>• Testing of design and operating effectiveness of the internal control</li> <li>• Substantive checking of the fixed assets addition during the year on sample basis.</li> <li>• Verification of stores and spares &amp; other expenses capitalized in accordance with Ind AS 16 "Property, Plant &amp; Equipment".</li> <li>• Verifying and understanding the basis of arriving at the "Life" of various assets.</li> <li>• Verification of depreciation calculation.</li> <li>• Evaluated the design of internal control relevant to acquisition of property, plant and equipment</li> <li>• Checking the compliances with Companies Act, 2013, concerning fixed assets and depreciation.</li> </ul>

#### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report, management discussion and analysis and report on corporate governance, but does not include the financial statements and our auditor's report thereon. The director's report, management discussion and analysis and report on corporate governance are expected to be made available to us after the date of this auditor's report.

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

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

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

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

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act.

The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group covered under the Act are responsible for maintenance of





adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, 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 entity has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant



doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group (Holding company and subsidiaries) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Matters**

We did not audit the financial information of one subsidiary included in the consolidated financial statements, whose financial information reflects total assets of Rs. 90.18 crores as at 31 March 2019, total revenues of Rs. 360.74 crores and net profit after tax of Rs. 19.13 crores for the year ended on that date. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information.

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 matter with respect to our reliance on the financial information certified by the management.



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

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 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.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors of Holding Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

**For KRA & Co.  
Chartered Accountants  
(Firm Registration No.020266N)**

**Sd/-  
Rajat Goyal  
Partner  
Membership No.: 503150**

**Place: Delhi  
Date: May 24, 2019**



## **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RCI INDUSTRIES & TECHNOLOGIES LIMITED**

**(Referred to in Paragraph 2 point (f) under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of **RCI INDUSTRIES & TECHNOLOGIES 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 2019, we have audited the internal financial controls over financial reporting (‘IFCoFR’) of the Holding Company, its one subsidiary company, which are companies covered under the Act, as at that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its one subsidiary company, which are companies covered under the Act, as at that date, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ‘Guidance Note’) issued by the Institute of Chartered Accountants of India (the ‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company’s business, including adherence to the company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its one subsidiary company, which are companies covered under the Act, as at that date, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the



auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its one subsidiary company as aforesaid.

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

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

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

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

### **Opinion**

In our opinion, the Holding Company, its one subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company, its one subsidiary company as aforesaid, 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 KRA & Co.**  
**Chartered Accountants**  
**(Firm Registration No.020266N)**

**Sd/-**  
**Rajat Goyal**  
**Partner**  
**Membership No.: 503150**

**Place: Delhi**  
**Date: May 24, 2019**

**Unhedged Foreign Currency Exposure of RCI INDUSTRIES & TECHNOLOGIES LTD as at 31.03.2019**

Foreign Currency Exposures as At 31.03.2019							
In INR crores	Unhedged			Hedged through forward or			Natural
				derivative (#)			Hedge
	<=1	> 1	Total	<=1	> 1	Total	<=1
	year	year		year	year		year
<b>FCY Receivables</b>							
Exports	20.42	0.00	20.42	0.00	0.00	0.00	20.42
Loans to JV/WOS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>FCY Payables</b>							
Imports	19.62	0.00	19.62	0.00	0.00	0.00	19.62
Trade Credits	5.10	0.00	5.10	0.00	0.00	0.00	5.10
ECBs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other FCY loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INR to USD swaps	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	-4.30	0.00	-4.30	0.00	0.00	0.00	-4.30

[We also confirm that our EBID i.e. profit after tax + Depreciation + Interest on debt + Lease rentals as of this date is Rs. 53.02 Crores. This number has been derived as per the audited financials ending on 31.03.2019]

[We would like to mention that UFCE to the tune of is Rs. NIL has not been included in our Unhedged position since the exposure is being hedged and managed by our parent company as explained in detail in our letter dated NA]

The certificate has been provided based on information and explanation provided by the Company.

For KRA & Co.  
Chartered Accountants  
ICAI Firm Reg No. 020266N

Sd/-  
Saurabh Garg  
Partner  
Membership No. 510541

**RCI INDUSTRIES & TECHNOLOGIES LTD**  
**Consolidated Balance Sheet As At 31 March 2019**

Particular	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	96,73,41,558	56,92,57,679
Capital work-in-progress	2	10,43,44,908	9,27,97,828
Intangible Assets	3	31,07,171	-
Intangible Assets under Development		-	56,35,250
Financial Assets			
Loans	5	1,24,69,244	1,21,79,755
Other non-current assets	6	11,59,72,609	4,91,61,384
<b>Total Non - Current Assets</b>		<b>1,20,32,35,489</b>	<b>72,90,31,896</b>
<b>Current assets</b>			
Inventories	7	1,18,39,86,642	1,00,27,62,834
Financial Assets			
Investments	4	2,61,90,839	44,68,485
Trade receivables	8	2,67,13,89,547	2,55,20,62,533
Cash and cash equivalents	9	2,04,57,583	2,67,16,775
Other Bank Balances	10	11,32,55,212	14,43,41,052
Loans	5	4,76,30,039	8,74,91,661
Other financial assets	11	1,49,04,154	72,96,696
Other current assets	6	56,87,93,666	36,81,85,081
<b>Total Current Assets</b>		<b>4,64,66,07,683</b>	<b>4,19,33,25,117</b>
Assets held for Sale		-	1,42,60,759
<b>Total Assets</b>		<b>5,84,98,43,172</b>	<b>4,93,66,17,772</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	13,43,64,150	13,43,64,150
Instruments entirely equity in nature (Compulsorily Convertible Debentures)	13	50,40,00,000	50,40,00,000
<b>Other equity</b>			
Reserves and surplus	13	1,36,44,99,994	97,01,88,049
Other reserves	13	68,42,41,395	68,42,41,395
<b>Total equity</b>		<b>2,68,71,05,539</b>	<b>2,29,27,93,594</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	14	37,08,05,665	5,23,73,297
Provisions	18	86,66,957	60,20,876
Deferred tax liabilities (net)		1,51,93,183	1,31,82,749
<b>Total Non - Current Liabilities</b>		<b>39,46,65,805</b>	<b>7,15,76,922</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	14	1,10,94,27,282	1,15,43,83,717
Trade payables	15	1,47,04,04,814	1,24,55,75,429
Other financial liabilities	16	5,32,91,728	4,84,58,076
Other current liabilities	17	5,38,77,563	5,56,77,863
Provisions	18	2,92,555	3,83,996
Current Tax Liabilities (net)		8,07,77,885	6,77,68,174
<b>Total Current Liabilities</b>		<b>2,76,80,71,828</b>	<b>2,57,22,47,256</b>
<b>Total Equity and Liabilities</b>		<b>5,84,98,43,172</b>	<b>4,93,66,17,772</b>

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

**For KRA & Co.**

**Chartered Accountants**

Firm's Registration Number: 020266N

(Rajeev Gupta)  
Managing Director  
DIN- 00503196

(Mamta Gupta)  
Director  
DIN- 00503302

Rajat Goyal  
Partner  
Membership No. 503150  
Place: Delhi  
Date: May 24, 2019

(Inder Prakash Saboo)  
Chief Financial Officer

(Raman Singh)  
Company Secretary  
M No. A32716

**RCI INDUSTRIES & TECHNOLOGIES LTD****Consolidated Statement of Profit & Loss for the year ended March 31, 2019**

Particular	Note	For the year ended 31st March 2019	For the year ended 31st March 2018
Revenue from operations	19	19,97,80,49,308	20,37,34,87,421
Other Income	20	5,59,39,911	6,68,16,957
<b>Total Income [A]</b>		<b>20,03,39,89,219</b>	<b>20,44,03,04,378</b>
<b>Expenses</b>			
Cost of Material Consumed	21	9,72,64,62,256	9,13,29,57,104
Purchase of stock-in-trade		9,19,68,12,217	10,79,42,46,957
Change in Inventories of Finished Goods/ Stock in Trade/ Work in Progress	22	(7,71,13,997)	(40,11,79,167)
Employee benefit expenses	23	12,79,67,858	9,32,78,126
Finance Costs	24	24,04,82,933	19,11,48,785
Depreciation and amortisation expense	25	12,01,03,657	4,98,80,254
Other expenses	26	24,27,60,907	17,62,33,996
<b>Total Expenses [B]</b>		<b>19,57,74,75,831</b>	<b>20,03,65,66,055</b>
<b>Profit before tax (A-B)</b>		<b>45,65,13,388</b>	<b>40,37,38,323</b>
<b>Tax Expense:</b>			
Current tax	27	8,78,45,991	6,83,63,086
Deferred tax	27	20,10,434	73,67,586
<b>Profit after tax</b>		<b>36,66,56,963</b>	<b>32,80,07,651</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of the net defined benefit liability		4,82,100	4,03,534
<b>Items that will be reclassified to profit or loss</b>			
Translation differences arising on foreign subsidiary		4,05,05,432	-
<b>Total other comprehensive income</b>		<b>4,09,87,532</b>	<b>4,03,534</b>
<b>Total comprehensive income for the year attributable to owner of the Company</b>		<b>40,76,44,495</b>	<b>32,84,11,185</b>
<b>Earnings per equity share</b>			
Equity shares of par value Rs.10/- each			
Basic		27.29	24.41
Diluted		23.39	24.41

The accompanying notes form an integral part of the consolidated financial statements.  
As per our report of even date attached

**For KRA & Co.****Chartered Accountants**

Firm's Registration Number: 020266N

(Rajeev Gupta)  
Managing Director  
DIN- 00503196

(Mamta Gupta)  
Director  
DIN- 00503302

Rajat Goyal  
Partner  
Membership No. 503150  
Place: Delhi  
Date: May 24, 2019

(Inder Prakash Saboo)  
Chief Financial Officer

(Raman Singh)  
Company Secretary  
M No. A32716



**RCI INDUSTRIES & TECHNOLOGIES LIMITED****Consolidated Cash Flow Statement for the year ended 31st March, 2019**

Particulars	For The Year Ended March 31,2019	For The Year Ended March 31,2018
<b>A. Cash flow from Operating activities</b>		
<b>Profit/ (Loss) before tax</b>	<b>45,65,13,388</b>	<b>40,37,38,323</b>
<i>Adjustments for:</i>		
Depreciation	12,01,03,657	4,98,80,254
Finance Cost	24,04,82,933	19,11,48,785
Interest income	(1,03,18,342)	(2,55,46,229)
(Gain)/ Loss due to change in fair value of Investment	(17,22,354)	2,52,995
Actuarial Gain / (loss) on defined benefit plan	4,82,100	4,03,534
Other adjustment	-	(86,10,073)
Foreign currency translation differences	4,05,05,432	27,04,186
<b>Operating profit before working capital changes</b>	<b>84,60,46,813</b>	<b>61,39,71,775</b>
<i>Movements in working capital :</i>		
(Increase)/ Decrease in Inventories	(18,12,23,808)	(28,12,41,425)
(Increase)/Decrease in Trade Receivables	(11,93,27,014)	7,41,70,378
(Increase)/Decrease in Loans	3,95,72,133	30,60,99,374
(Increase)/Decrease in Other Financial asset	(25,66,372)	0
(Increase)/Decrease in Other asset	(33,57,79,217)	(2,72,38,941)
Increase/(Decrease) in Trade Payables	22,48,29,385	(26,32,30,040)
Increase/(Decrease) in Other Financial Liabilities	48,33,652	(32,23,31,007)
Increase/(Decrease) in Other current Liabilities	(18,00,300)	(11,63,35,514)
Increase/(Decrease) in Provisions	25,54,640	22,09,863
<b>Cash generated from operations</b>	<b>47,71,39,912</b>	<b>(1,39,25,536)</b>
Income tax Refund/ (paid) during the year	(64,76,873)	(2,93,74,529)
<b>Net cash from operating activities (A)</b>	<b>47,06,63,040</b>	<b>(4,33,00,065)</b>
<b>B. Cash flow from Investing activities</b>		
Purchase of Fixed assets (including capital advances)	(51,29,45,777)	(33,22,47,438)
(Purchase)/Sale Of Current Investment	(2,00,00,000)	(42,19,245)
(Increase)/Decrease in investment in fixed deposit	3,10,85,840	37,51,61,373
Interest received	52,77,256	2,49,86,044
<b>Net cash from investing activities (B)</b>	<b>(49,65,82,680)</b>	<b>6,36,80,734</b>
<b>C. Cash flow from Financing activities</b>		
Issue of Compulsorily Convertible Debentures	-	50,40,00,000
Increase / (Decrease) in borrowings	27,34,75,931	(30,33,97,221)
Finance cost paid	(24,04,82,933)	(19,11,48,785)
Dividend Paid including corporate dividend tax	(1,33,32,550)	(81,15,826)
<b>Net cash from financing activities (C)</b>	<b>1,96,60,449</b>	<b>13,38,169</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(62,59,192)</b>	<b>2,17,18,838</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,67,16,775</b>	<b>49,97,937</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,04,57,583</b>	<b>2,67,16,775</b>

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For KRA & Co.

Chartered Accountants

Firm's Registration Number: 020266N

(Rajeev Gupta)  
Managing Director  
DIN- 00503196

(Mamta Gupta)  
Director  
DIN- 00503302

Rajat Goyal

Partner

Membership No. 503150

Place: Delhi

Date: May 24, 2019

(Inder Prakash Saboo)  
Chief Financial Officer

(Raman Singh)  
Company Secretary  
M No. A32716

**RCI INDUSTRIES & TECHNOLOGIES LTD**

CIN : L74900DL1992PLC047055

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019****Note 1: CORPORATE INFORMATION**

The Company was incorporated on January 7, 1992 and is a public limited company, equity shares of which are listed on the Bombay Stock Exchange. The Company and its subsidiaries (collectively referred to as "the Group") are primarily involved in manufacture, import, export, trade and otherwise deal in all types of metal and metal products thereof.

The list of Subsidiaries which are included in the consolidation and the Company's holding therein are as under:

Particulars	Ownership in %		Country of Incorporation
	As at March 31, 2019	As at March 31, 2018	
RCI World Trade Link DMCC	100%	100%	Dubai
RCI Skills and Development Private Limited	100%	100%	India

**Note 1.1: SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation of consolidated financial Statements**

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") and the rules issued thereunder.

Group has adopted Ind AS 115 "Revenue from Contract with Customers" starting April 01, 2018, Group has elected to apply the cumulative catch up approach for application of Ind AS 115.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Indian Accounting Standard (Ind AS) 110 - "Consolidated Financial Statements".

ii) The subsidiary – RCI World Trade Link DMCC being foreign subsidiary, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year.

iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

**B. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liability as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognized in the period in which results are ascertained.

**C. Cash Flow Statement**

Cash flow statement is prepared in accordance with IndAS-7 using the indirect method

**D. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost of Tangible Assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use.

All costs, attributable to the fixed assets are capitalized. Subsequent expenditures related to an item of Tangible Asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Projects under which assets are not ready for their intended use are disclosed under Capital Work-in- Progress.

**E. Employee Benefits**

The amount paid/ payable on account of short term employee benefits, comprising largely of salaries & wages, short term compensated absences and annual bonus, is valued on an undiscounted basis and charged to the statement of profit and loss for the year.

Defined contribution plans:

Fixed contribution to provident and other funds which are defined contribution schemes are absorbed in the accounts at actual cost to the Group.

Defined benefit plans:

Defined benefit costs are categorized as follows:

- 1) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- 2) net interest expense or income; and
- 3) re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in reserve and surplus and is not reclassified to profit or loss.

Gratuity: The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted using the projected unit credit method, as adjusted for unrecognized past services cost if any, is recognized in the accounts. Actuarial gains and losses are recognized in full in the statement of profit and loss as a other comprehensive income and losses for the period in which they occur.

Compensated Absences/ Leave Encashment: The Group has a scheme for compensated absences for employees, the liability other than for short term compensated absences is determined on actuarial valuation using the projected unit credit method. Actuarial gain and losses are recognized in full in the profit and loss statement for the period in which they occur.

## **F. Leases**

Operating Leases: Lease arrangement where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss account on a straight-line basis.

Finance Leases: Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

The Group's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease. Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease.

## **G. Insurance Claims**

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

## **H. Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any, except in case of by products which are valued at net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their present location and condition.

## **I. Earnings Per Share**

The Group presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

## **J. Depreciation**

Pursuant to Companies Act, 2013, the company depreciates its assets by the estimated useful life of the fixed assets on written down value as prescribed under Schedule II of the Companies Act, 2013.

## **K Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

### **1) Financial assets**

#### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order 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.

#### **Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these 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.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss.

#### **Impairment of financial assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised.

#### **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing of the proceeds received.

### **2) Financial liabilities and equity instruments**

#### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### **Financial Liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

#### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### **3) Derivative financial instruments and hedge accounting**

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce market risks

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

## **L. Revenue recognition**

a) Sale of goods is recognised at its transaction price when the company has satisfied its performance obligation under the contract. Sales include amounts recovered towards excise duty and exclude sales tax/value added tax/ GST.

b) Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered.

c) Export benefits are accounted for on accrual basis.

**M. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transactions or the rate that approximates the actual rate at the date of the transaction. Monetary items denominated in foreign currencies at the year end are restated at year end rates. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

**N. Provision for Current and Deferred Tax**

Tax expense comprising current tax and deferred tax are recognized in statement of profit and loss account for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The effect on deferred tax assets and liabilities due to change in such assets/liabilities as at the end of accounting period as compared to that at the beginning of the period due to a change in tax rates are recognized in the income statement for the period.

**O. Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes on financial statement.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

RCI INDUSTRIES & TECHNOLOGIES LTD

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note:2 - PROPERTY, PLANT AND EQUIPMENT**

Particulars	Land	Leasehold Equipments	Container	Buildings	Plant and machinery	Motor Vehicles	Furniture & Fittings	Electronic Installation	Office Equipment	Computer & Printers	Capital Work-in-progress	Total
Gross carrying value as of April 1, 2017	4,70,20,818	1,86,545	4,05,000	7,29,81,164	13,93,19,439	3,23,70,231	8,17,858	1,05,30,342	58,19,223	27,52,564	16,07,90,241	47,29,93,426
Additions	7,30,41,241			2,19,37,891	26,03,40,334	67,26,124	34,83,998	1,24,25,180	18,58,946	5,11,129	20,80,23,323	58,83,48,166
Deletions					-						(27,60,15,736)	(27,60,15,736)
Gross carrying value as of March 31, 2018	12,00,62,059	1,86,545	4,05,000	9,49,19,055	39,96,59,774	3,90,96,355	43,01,856	2,29,55,522	76,78,169	32,63,693	9,27,97,828	78,53,25,855
Accumulated depreciation as of April 1, 2017	-	1,39,966	1,96,067	1,76,44,698	3,15,30,338	1,73,74,443	5,90,941	14,52,214	32,23,988	12,37,440	-	7,33,90,094
For the period		9,564	28,689	40,30,680	3,27,28,229	58,23,706	64,099	47,10,299	15,75,077	9,09,911		4,98,80,254
Deduction / Adjustments during the year					-							-
Accumulated depreciation as of March 31, 2018	-	1,49,530	2,24,756	2,16,75,378	6,42,58,567	2,31,98,149	6,55,040	61,62,512	47,99,065	21,47,350	-	12,32,70,348
Gross carrying value as of April 1, 2018	12,00,62,059	1,86,545	4,05,000	9,49,19,055	39,96,59,774	3,90,96,355	43,01,856	2,29,55,522	76,78,169	32,63,693	9,27,97,828	78,53,25,855
Additions	4,70,96,330			22,12,21,715	23,05,67,215	1,13,399	1,11,125	1,50,80,666	7,97,929	6,58,878	50,23,48,177	1,01,79,95,434
Deletions											(49,08,01,097)	(49,08,01,097)
Gross carrying value as of March 31, 2019	16,71,58,389	1,86,545	4,05,000	31,61,40,770	63,02,26,989	3,92,09,754	44,12,981	3,80,36,188	84,76,098	39,22,571	10,43,44,908	1,31,25,20,191
Accumulated depreciation as of April 1, 2018	-	1,49,530	2,24,756	2,16,75,378	6,42,58,567	2,31,98,149	6,55,040	61,62,512	47,99,065	21,47,350	-	12,32,70,348
For the period		7,598	24,749	2,17,92,249	7,92,61,440	50,91,465	8,27,395	81,24,105	15,67,342	8,67,035		11,75,63,378
Deduction / Adjustments during the year												-
Accumulated depreciation as of March 31, 2019	-	1,57,128	2,49,505	4,34,67,627	14,35,20,007	2,82,89,614	14,82,435	1,42,86,617	63,66,407	30,14,385	-	24,08,33,726
												-
Carrying value as of March 31, 2019	16,71,58,389	29,417	1,55,495	27,26,73,142	48,67,06,982	1,09,20,140	29,30,546	2,37,49,570	21,09,691	9,08,185	10,43,44,908	1,07,16,86,465
Carrying value as of March 31, 2018	12,00,62,059	37,015	1,80,244	7,32,43,676	33,54,01,207	1,58,98,206	36,46,816	1,67,93,009	28,79,104	11,16,342	9,27,97,828	66,20,55,507

RCI INDUSTRIES & TECHNOLOGIES LTD

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR EN

**Note:3 - INTANGIBLE ASSETS**

Particulars	Software	Total
Gross carrying value as of April 1, 2017	-	-
Additions	-	-
Deletions		-
Gross carrying value as of March 31, 2018	-	-
Accumulated depreciation as of April 1, 2017		-
For the period		-
Deduction / Adjustments during the period		-
Accumulated depreciation as of March 31, 2018		-
Gross carrying value as of April 1, 2018	-	-
Additions	56,47,450	56,47,450
Deletions		-
Gross carrying value as of March 31, 2019	56,47,450	56,47,450
Accumulated depreciation as of April 1, 2018		-
For the period	25,40,279	25,40,279
Deduction / Adjustments during the period		-
Accumulated depreciation as of March 31, 2019	25,40,279	25,40,279
		-
Carrying value as of March 31, 2019	31,07,171	31,07,171
Carrying value as of March 31, 2018	-	-

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note:4 INVESTMENTS**

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Current investments</b>		
<b>Other Investments at FVTPL</b>		
<b>Investments in mutual funds</b>		
50,000 unit of CP7G-Union Capital Protection Oriented Fund Series	5,73,945	5,29,470
7 - Regular Plan - Growth		
3,99,990 unit of PFG-Union Balanced Advantage Fund Regular Plan	42,27,894	39,39,015
- Growth		
20,00,000 unit of CBG-Union Corporate Bond Fund Regular Plan -	2,13,89,000	-
Growth		
<b>Total carrying value</b>	<b>2,61,90,839</b>	<b>44,68,485</b>

Aggregated amount of Quoted investments and value thereof	2,61,90,839	44,68,485
Aggregated amount of Unquoted investments	-	-

**Note:5 LOANS**

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Non Current</b>		
<b>Unsecured, considered good</b>		
Security Deposits	1,24,69,244	1,21,79,755
	<b>1,24,69,244</b>	<b>1,21,79,755</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Security Deposits	36,21,079	63,21,013
Other loans and advances	4,40,08,961	8,11,70,648
	<b>4,76,30,039</b>	<b>8,74,91,661</b>
<b>Total loans</b>	<b>6,00,99,283</b>	<b>9,96,71,416</b>



RCI INDUSTRIES & TECHNOLOGIES LTD

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note:6 OTHER ASSETS**

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Non-current</b>		
Capital Advances	11,59,72,609	4,91,61,384
	<b>11,59,72,609</b>	<b>4,91,61,384</b>
<b>Current</b>		
Advance to vendors for supply of goods/services	27,76,34,314	4,03,73,117
Balances with Govt. Authorities	27,99,83,550	31,36,43,365
Prepaid Expenses	1,11,75,801	1,41,68,599
	<b>56,87,93,666</b>	<b>36,81,85,081</b>
<b>Total Other Assets</b>	<b>68,47,66,274</b>	<b>41,73,46,465</b>

**Note:7 INVENTORIES**

Particulars	As at	As at
	31.03.2019	31.03.2018
Raw Materials	26,39,21,296	15,98,11,485
Work in Progress	65,87,08,017	47,18,11,119
Finished Goods	15,81,60,692	7,73,01,306
Stores & Spares	4,22,32,171	1,86,82,745
Stock in trade	6,09,64,466	27,51,56,179
	<b>1,18,39,86,642</b>	<b>1,00,27,62,834</b>

7.1 The inventories are valued at lower of Cost or Net Realizable Value

7.2 The Stores and spares having useful life greater than one year is classified under property plant & equipment as per IND AS-16

**Note:8 TRADE RECEIVABLES**

Particulars	As at	As at
	31.03.2019	31.03.2018
Secured, considered good	-	-
Unsecured, considered good	2,67,13,89,547	2,55,20,62,533
<b>Total carrying value</b>	<b>2,67,13,89,547</b>	<b>2,55,20,62,533</b>

<b>Maturity profile of trade receivables</b>		
Due for more than six months	16,65,51,778	4,17,23,556
Other	2,50,48,37,769	2,51,03,38,977
<b>Total</b>	<b>2,67,13,89,547</b>	<b>2,55,20,62,533</b>

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note:9 CASH AND CASH EQUIVALENTS**

Particulars	As at	As at
	31.03.2019	31.03.2018
Balances with banks		
In current accounts	80,21,838	1,69,39,437
Cash on hand	1,24,35,746	97,77,337
	<b>2,04,57,583</b>	<b>2,67,16,775</b>

**Note:10 OTHER BANK BALANCES**

Particulars	As at	As at
	31.03.2019	31.03.2018
Unpaid Dividend accounts	18,292	9,955
Balances with banks held as margin money deposits	11,32,36,920	14,43,31,098
	<b>11,32,55,212</b>	<b>14,43,41,052</b>
Balances with banks held as margin money deposits against guarantees	11,32,36,920	14,43,31,098

10.1 If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be called "Unpaid Dividend Account". The above amount includes Rs. 10,130 as excess deposited by the company in dividend accounts. The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

10.2 Amounts in margin money deposits represents the amount deposited with the banks/ financial institutions towards margin money under the stipulation of Sanctioned Credit Facility for issuance of Letter of Credit, Bank Guarantees including both financial and performance guarantees, LOU/LUT etc from Banks/ financial institutions.

**Note:11 OTHER FINANCIAL ASSETS**

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Current</b>		
Interest accrued on deposit	56,56,043	6,14,956
Insurance Claims	92,48,112	66,81,740
<b>Total</b>	<b>1,49,04,154</b>	<b>72,96,696</b>
Financial assets carried at amortized cost	1,49,04,154	72,96,696
Financial assets carried at fair value through Profit or Loss		

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note: 14 BORROWINGS**

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Non-current</b>		
Term Loans		
Unsecured at amortized cost		
-From Related Parties	37,08,05,665	5,23,73,297
	<b>37,08,05,665</b>	<b>5,23,73,297</b>
<b>Current</b>		
Loans Repay able on Demand		
Secured at amortized cost		
-From Banks	1,10,94,27,282	1,15,43,83,717
	<b>1,10,94,27,282</b>	<b>1,15,43,83,717</b>
<b>Total financial liabilities</b>	<b>1,48,02,32,947</b>	<b>1,20,67,57,014</b>
Financial liability carried at amortized cost	1,48,02,32,947	1,20,67,57,014

14.1 Secured loan repay able on demand comprises cash credit balances secured by a pari-passu charge on current assets and moveable fixed assets of the Company. These are further secured by the Collateral Security given by the company.

**Note: 15 TRADE PAYABLES**

Particulars	As at	As at
	31.03.2019	31.03.2018
Trade Payables	38,70,08,033	62,52,41,243
Acceptances	1,08,33,96,781	62,03,34,186
<b>Total Trade Payables</b>	<b>1,47,04,04,814</b>	<b>1,24,55,75,429</b>
Financial liability carried at amortized cost	1,47,04,04,814	1,24,55,75,429
Financial liability carried at fair value through profit or loss	-	-

**Note: 16 OTHER FINANCIAL LIABILITIES**

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Current</b>		
Creditors for capital Goods	3,76,30,933	2,61,04,810
Expenses Payable	1,54,81,034	2,17,99,367
Other liabilities	1,79,762	5,53,899
<b>Total other financial liability</b>	<b>5,32,91,728</b>	<b>4,84,58,076</b>
Financial liability carried at amortized cost	5,32,91,728	4,84,58,076
Financial liability carried at fair value through profit or loss	-	-

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**Note: 17 OTHER LIABILITIES**

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Current</b>		
Statutory Dues	60,14,984	35,45,961
Advance from customer	4,78,62,579	5,21,31,902
<b>Total other liabilities</b>	<b>5,38,77,563</b>	<b>5,56,77,863</b>

**Note: 18 PROVISIONS**

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Non-current</b>		
Provision for Employees Benefits		
-Gratuity	64,61,080	48,05,699
-Leave Encashment	22,05,877	12,15,177
	<b>86,66,957</b>	<b>60,20,876</b>
<b>Current</b>		
Provision for Employees Benefits		
-Gratuity	1,87,795	3,46,800
-Leave Encashment	1,04,760	37,196
	<b>2,92,555</b>	<b>3,83,996</b>
<b>Total Provision for Employee Benefits</b>	<b>89,59,512</b>	<b>64,04,872</b>

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**Note - 12 EQUITY SHARE CAPITAL**

Particulars	As at	
	31.03.2019	31.03.2018
Authorized Equity shares, Rs. 10/- par value 2,50,00,000 (PY: 1,50,00,000) equity shares	25,00,00,000	15,00,00,000
Issued, Subscribed and Paid-Up Equity shares, Rs. 10/- par value 1,34,36,415 (PY: 1,34,36,415) equity shares fully paid-up	13,43,64,150	13,43,64,150
	<b>13,43,64,150</b>	<b>13,43,64,150</b>

**12.1** The authorised equity shares were 1,50,00,000 and the issued, subscribed and paid-up shares were 1,34,36,415 as of April 1, 2017. The company has increased its authorised capital from Rs. 1500 Lakhs to Rs. 2500 Lakhs comprising of 250 Lakhs equity shares having face value of Rs. 10 each as approved in General Meeting of the members held on March 28, 2018

**12.2** The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- . Each holder of equity shares is entitled to one vote per share.

**12.3** The details of shareholder holding more than 5% shares are set out below :

Name of the shareholder	As at 31.03.2019	As at 31.03.2018
	Number and Shareholding %	Number and Shareholding %
Rajeev Gupta	47,64,720 (35.46%)	4,764,720 (35.46%)
Ace Matrix Solutions Ltd.	17,51,900 (13.04%)	1,751,900 (13.04%)
Metalrod Pvt Ltd.	812,500 (6.05%)	812,500 (6.05%)

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**Note 13: STATEMENTS OF CHANGE IN EQUITY**

Particulars	Equity Share Capital		Instruments entirely equity in nature	Other reserve	Reserves and surplus			Total equity attributable to equity holders of the Company
	No of Shares	Amount	Compulsorily Convertible Debentures	Securities premium reserve	Foreign Currency translation reserve	Retained earnings	Other comprehensive income	
<b>Balance as of April 1, 2017</b>	<b>1,34,36,415</b>	<b>13,43,64,150</b>	<b>-</b>	<b>68,42,41,395</b>	<b>(15,12,494)</b>	<b>65,73,63,017</b>	<b>(51,946)</b>	<b>1,47,44,04,122</b>
<b>Changes in equity for the year ended Mar 31, 2018</b>								
Add: Remeasurement of the net defined benefit liability							4,03,534	4,03,534
Less: Excess provision with respect to income tax written off and TDS receivable of previous year						(86,10,073)		(86,10,073)
Less: Dividends (including corporate dividend tax)						(81,15,826)		(81,15,826)
Add: Addition during the period			50,40,00,000		27,04,186			50,67,04,186
Add: Profit for the period						32,80,07,651		32,80,07,651
<b>Balance as of Mar 31, 2018</b>	<b>1,34,36,415</b>	<b>13,43,64,150</b>	<b>50,40,00,000</b>	<b>68,42,41,395</b>	<b>11,91,692</b>	<b>96,86,44,769</b>	<b>3,51,588</b>	<b>2,29,27,93,594</b>
<b>Changes in equity for the year ended Mar 31, 2019</b>								
Add: profit for the year						36,66,56,963		36,66,56,963
Remeasurement of the net defined benefit liability							4,82,100	4,82,100
Less: Dividend Paid						(1,33,32,550)		(1,33,32,550)
Add: Addition during the year					4,05,05,432			4,05,05,432
<b>Balance as of Mar 31, 2019</b>	<b>1,34,36,415</b>	<b>13,43,64,150</b>	<b>50,40,00,000</b>	<b>68,42,41,395</b>	<b>4,16,97,123</b>	<b>1,32,19,69,183</b>	<b>8,33,688</b>	<b>2,68,71,05,539</b>

**Note:19 REVENUE FROM OPERATIONS**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Sale of Products		
Domestic Sales	19,42,57,88,270	19,91,51,80,699
Export Sales	52,59,10,816	40,04,13,060
Sale of Services	98,93,931	5,42,06,315
Other Operating Revenues #	1,64,56,290	36,87,347
	<b>19,97,80,49,308</b>	<b>20,37,34,87,421</b>

# Other operating revenue comprises export incentives of INR 129.54 Lakhs (PY: INR 36.87 Lakhs)

**Note:20 OTHER INCOME**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Interest income		
-Fixed Deposits	89,63,455	2,46,37,944
-Others	13,54,887	9,08,284
Exchange gains/(losses) Fluctuations	2,54,85,906	3,73,25,792
Miscellaneous income	2,01,35,663	39,44,936
	<b>5,59,39,911</b>	<b>6,68,16,957</b>

**Note:21 COST OF MATERIALS CONSUMED**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Opening stock	15,98,11,485	27,97,49,226
Add: Purchases	9,83,05,72,067	9,01,30,19,363
Less: Closing Stock	26,39,21,296	15,98,11,485
	<b>9,72,64,62,256</b>	<b>9,13,29,57,104</b>

**Note:22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>Opening Stock</b>		
Finished goods	7,73,01,306	3,59,67,768
Work-in-progress	47,18,11,119	1,77,22,345
Stock-in-trade	27,51,56,179	38,80,82,069
Stores & Spares	1,86,82,745	-
	84,29,51,349	44,17,72,182
<b>Closing Stock</b>		
Finished goods	15,81,60,692	7,73,01,306
Work-in-progress	65,87,08,017	47,18,11,119
Stock-in-trade	6,09,64,466	27,51,56,179
Stores & Spares	4,22,32,171	1,86,82,745
	92,00,65,346	84,29,51,349
	<b>(7,71,13,997)</b>	<b>(40,11,79,167)</b>

**Note:23 EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Employee benefit expenses		
Salary & Wages	11,11,72,130	7,77,84,886
Contribution to provident & other funds	41,96,317	30,78,296
Director's remuneration	48,00,000	57,75,000
Provision for Gratuity/ Leave Encashment	37,15,185	29,19,505
Contribution to ESIC/ Insurance Linked Expenses	16,07,473	11,32,955
Staff welfare expenses	24,76,754	25,87,486
	<b>12,79,67,858</b>	<b>9,32,78,126</b>

**Note:24 FINANCE COSTS**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Interest Expense on borrowings	18,13,05,628	14,26,58,111
Interest Expense on others	3,08,68,486	2,45,20,521
Other borrowing costs	2,83,08,819	2,39,70,153
	<b>24,04,82,933</b>	<b>19,11,48,785</b>



**Note:25 Depreciation and amortisation expense**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Depreciation on property, plant & equipment	11,75,63,378	4,98,80,254
Amortization of intangible assets	25,40,279	-
	<b>12,01,03,657</b>	<b>4,98,80,254</b>

**Note:26 OTHER EXPENSES**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Audit Fees	5,60,000	4,65,748
Business Promotion Expenses	5,92,858	4,02,030
Excise duty expense	-	4,20,16,297
Clearing & Forwarding Charges	37,84,027	13,79,848
Commission on Sales	3,75,052	7,44,472
Consumable Expenses	74,88,118	18,50,706
Conveyance & Travelling Expenses	84,52,490	51,57,987
Donation & Charity	56,450	17,330
Freight & Cartage	2,40,52,448	2,39,91,274
General Expenses	73,65,648	67,22,107
Insurances	39,23,690	25,66,691
Indirect & Direct Taxes Paid	8,99,783	4,18,027
Legal and Professional Charges	2,33,60,913	2,50,32,003
Loss on re-measurement of Financial Asset	-	2,52,995
loss on foreign currency transaction and translation	4,87,24,767	94,970
Other government charges and taxes	30,78,530	7,73,637
Packing Charges	29,71,265	23,75,430
Pollution Expenses	3,00,000	1,31,666
Power & Fuel	6,76,59,502	3,08,93,256
Printing & Stationary Expenses	6,24,304	8,17,631
Prior Period Expenses	1,01,242	1,81,290
Rebate, Claims and Discount Expenses	26,71,137	2,41,016
Rent, rate and Taxes	36,00,989	47,62,533
Repair & Maintenance	74,74,932	72,88,646
Security Services	52,19,556	45,64,850
Shipment Expenses	1,50,04,510	72,53,212
Telephone & Postage Expenses	10,66,057	11,89,745
Vehicle Running & maintenance expenses	33,52,639	46,48,600
	<b>24,27,60,907</b>	<b>17,62,33,996</b>

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**Note 27 INCOME TAXES**

Income tax expense in the statement of profit and loss comprises:

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Current taxes	8,78,45,991	6,83,63,086
Deferred taxes	20,10,434	73,67,586
<b>Income tax expense</b>	<b>8,98,56,425</b>	<b>7,57,30,672</b>

**27.1 The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:**

Particulars	As at	
	31.03.2019	31.03.2018
<b>Deferred tax assets</b>		
Temporary Disallowance under Income tax Act (Section 43B disallowances)	22,19,660	-
<b>Total deferred tax assets (B)</b>	<b>22,19,660</b>	<b>-</b>
<b>Deferred tax liabilities</b>		
Property Plant & Equipment and Intangible Assets	1,74,12,844	1,31,82,749
<b>Total deferred tax liabilities (A)</b>	<b>1,74,12,844</b>	<b>1,31,82,749</b>
<b>Net Deferred tax liabilities (A-B)</b>	<b>1,51,93,183</b>	<b>1,31,82,749</b>

27.2.1 Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

27.2.2 In assessing the realizability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the

**Note 28: Employee benefit Plan****(A) Defined benefit Plan**

**The defined benefit plan operated by the Company is as below:**

**Retiring gratuity**

The Holding Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Holding Company does not make any contributions to gratuity funds and the plan is unfunded. The Holding Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

**The defined benefit plans expose the Holding Company to a number of actuarial risks as below:**

- (a) **Interest risk:** A decrease in the bond interest rate will increase the plan liability.
- (b) **Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
- (c) **Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

**The following table sets out the amounts recognised in the financial statements in respect of retiring gratuity plan:**

**(i) Change in Defined Benefit Obligation (DBO) during the year**

Particulars	31.03.2019	31.03.2018
Present value of DBO at the beginning of the year	51,52,499	41,87,442
Current service cost	20,53,585	13,58,274
Interest cost	4,06,532	3,14,058
Actuarial loss arising from changes in financial assumptions	1,11,411	(2,88,266)
Actuarial loss arising from changes in experience adjustments	(5,93,511)	(1,15,267)
Benefits paid	(4,81,641)	(3,03,742)
<b>Present value of DBO at the end of the year</b>	<b>66,48,875</b>	<b>51,52,499</b>

**(ii) Change in fair value of plant assets during the year**

Particulars	31.03.2019	31.03.2018
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer contributions	4,81,641	3,03,742
Benefits paid	(4,81,641)	(3,03,742)
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>

**(iii) Amounts recognised in the Balance Sheet**

Particulars	31.03.2019	31.03.2018
Present value of DBO at the end of the year	66,48,875	51,52,499
Fair value of plan assets at the end of the year	-	-
<b>Net Liability recognised in the Balance Sheet</b>	<b>66,48,875</b>	<b>51,52,499</b>

**(iv) Components of employer expense**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Current service cost	20,53,585	13,58,274
Interest cost	4,06,532	3,14,058
<b>Expense recognised in Statement of Profit and Loss</b>	<b>24,60,117</b>	<b>16,72,332</b>

**(v) Other comprehensive income**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Actuarial loss arising from changes in financial assumptions	1,11,411	(2,88,266)
Actuarial loss arising from changes in experience adjustments	(5,93,511)	(1,15,267)
<b>Remeasurements recognised in other comprehensive income</b>	<b>(4,82,100)</b>	<b>(4,03,533)</b>

**(vi) Nature and extent of investment details of the plan assets**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
State and Central Securities	0%	0%
Bonds	0%	0%
Special deposits	0%	0%
Insurer managed funds	0%	0%

**(vii) Assumptions**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Discount Rate	7.77%	7.89%
Rate of increase in Compensation levels	8.00%	8%
Rate of Return on Plan Assets	NA	NA

**(viii) Sensitivity Analysis**

Particulars	31.03.19	Impact (Absolute)	Impact %
Base Liability	66,48,875		
Increase Discount Rate by 0.50%	62,02,028	(4,46,847)	-6.72%
Decrease Discount Rate by 0.50%	71,43,853	4,94,978	7.44%
Increase Salary Inflation by 1%	76,68,999	10,20,124	15.34%
Decrease Salary Inflation by 1%	57,92,229	(8,56,646)	-12.88%
Increase in Withdrawal Rate by 1%	65,55,771	(93,104)	-1.40%
Decrease in Withdrawal Rate by 1%	67,47,513	98,638	1.48%

**(B) Defined Contribution Plan****Provident fund and pension**

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, eligible employees of the Holding Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the employee provident fund organization (EPFO).

The total expenses recognised in the statement of profit and loss during the year on account of defined contribution plans amounted to Rs. 41.96 Lakhs (PY: Rs. 30.78 Lakhs).

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**Note: 29 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNING PER SHARE**

(A) The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Particulars	31.03.2019	31.03.2018
Basic earnings per equity share - weighted average number of equity shares outstanding (Nos)	1,34,36,415	1,34,36,415
Effect of dilutive shares (Nos)	22,40,000	-
Diluted earnings per equity share - weighted average number of equity shares outstanding (Nos)	1,56,76,415	1,34,36,415

29.1 During the previous year Company allotted 5,60,000 unsecured zero coupon compulsorily convertible debenture (CCD) of the face value of INR 900 each, by way of preferential allotment on private placement basis as approved by the board of directors during the meeting held on March 31, 2018.

29.2 The CCDs shall be converted into equity shares on or before the completion of 18 months from the date of allotment of CCDs. 1 (one) CCD shall be converted into 4 (four) equity shares each. The equity shares to be issued on conversion shall rank pari passu in all respects with the existing equity shares of the company.

29.3 The effect of CCDs for computation of dilutive shares has not been considered in previous year because of the fact that the CCDs were issued on the Closing date of previous year Balance Sheet i.e. at March 31, 2018

**(B) Computation of basic and diluted earning per share**

Particulars	31.03.2019	31.03.2018
<b>Basic earning per share</b>		
Profit after tax	36,66,56,963	32,80,07,651
Weighted average number of shares (For Basic EPS)	1,34,36,415	1,34,36,415
<b>Basic EPS</b>	<b>27.29</b>	<b>24.41</b>
<b>Diluted earning per share</b>		
Profit after tax	36,66,56,963	32,80,07,651
Add/(less): Effect of dilution on profit	-	-
<b>Revised profit after tax</b>	<b>36,66,56,963</b>	<b>32,80,07,651</b>
Weighted average number of shares (For Diluted EPS)	1,56,76,415	1,34,36,415
<b>Diluted EPS</b>	<b>23.39</b>	<b>24.41</b>

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**Note 30 Capital management**

The Group's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Group ensures optimal credit risk profile to maintain/enhance credit rating.

The Group determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Group monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents and margin money held with financial institutions.

The following table summarises the capital of the Group:

	As at 31st March 2019	As at 31st March 2018
<b>Equity (A)</b>	2,68,71,05,539	2,29,27,93,594
<b>Debt</b>		
Short-term borrowings and current portion of long-term debt (i)	1,10,94,27,282	1,15,43,83,717
Long-term debt (ii)	37,08,05,665	5,23,73,297
Less: deposits with financial institutions (iii)	11,32,55,212	14,43,41,052
Less: Cash and cash equivalents (iv)	2,04,57,583	2,67,16,775
<b>Net debt (i+ii-iii-iv)</b>	1,34,65,20,152	1,03,56,99,188
<b>Total capital (equity + net debt)</b>	4,03,36,25,690	3,32,84,92,781
Net debt to capital ratio	0.33	0.31
Interest coverage ratio (EBITDA/Finance cost)	3.40	3.37

**Note 31: DISCLOSURES ON FINANCIAL INSTRUMENTS**

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

**(a) Financial assets and liabilities**

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2019 and March 31, 2018.

**As at March 31, 2019**

Particular	Amortized cost	Fair value through statement of profit and loss	Total
<b>Financial Assets</b>			
Investments	-	2,61,90,839	2,61,90,839
Trade receivables	2,67,13,89,547	-	2,67,13,89,547
Cash and cash equivalents	2,04,57,583	-	2,04,57,583
Other Bank Balances	11,32,55,212	-	11,32,55,212
Loans	6,00,99,283	-	6,00,99,283
Other financial assets	1,49,04,154	-	1,49,04,154
	<b>2,88,01,05,780</b>	<b>2,61,90,839</b>	<b>2,90,62,96,619</b>
<b>Financial Liabilities</b>			
Borrowings	1,48,02,32,947	-	1,48,02,32,947
Trade payables	1,47,04,04,814	-	1,47,04,04,814
Other financial liabilities	5,32,91,728	-	5,32,91,728
	<b>3,00,39,29,489</b>	<b>-</b>	<b>3,00,39,29,489</b>

**Note 31: DISCLOSURES ON FINANCIAL INSTRUMENTS.....Contd.****(a) Financial assets and liabilities****As at March 31, 2018**

<b>Particular</b>	<b>Amortized cost</b>	<b>Fair value through statement of profit and loss</b>	<b>Total</b>
<b>Financial Assets</b>			
Investments	-	44,68,485	44,68,485
Trade receivables	2,55,20,62,533	-	2,55,20,62,533
Cash and cash equivalents	2,67,16,775	-	2,67,16,775
Other Bank Balances	14,43,41,052	-	14,43,41,052
Loans	9,96,71,416	-	9,96,71,416
Other financial assets	72,96,696	-	72,96,696
	<b>2,83,00,88,472</b>	<b>44,68,485</b>	<b>2,83,45,56,957</b>
<b>Financial Liabilities</b>			
Borrowings	1,20,67,57,014		1,20,67,57,014
Trade payables	1,24,55,75,429		1,24,55,75,429
Other financial liabilities	4,84,58,076		4,84,58,076
	<b>2,50,07,90,520</b>	<b>-</b>	<b>2,50,07,90,520</b>

**(b) Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments etc.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

<b>Particular</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
	<b>Level 1</b>	
<b>Financial Assets</b>		
Investment in mutual funds	2,61,90,839	44,68,485
	<b>2,61,90,839</b>	<b>44,68,485</b>

There are no other financial asset or financial liability that are carried at fair value through profit or loss or other comprehensive income

**Note 31: DISCLOSURES ON FINANCIAL INSTRUMENTS .....Contd.****(c) Financial risk management**

The Group has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks by using financial instruments such as foreign currency forward contracts and appropriate risk management policies as detailed below.

<b>Risk</b>	<b>Nature of risk and instrument effected</b>	<b>Risk management policies</b>
Market risk - currency risk	The fluctuation in foreign currency exchange rates may have a potential impact on the statement of profit and loss and equity. Balances that are subject to currency risk includes trade receivables, trade payables, buyer's credit, exports receipt, short-term and long-term borrowings etc.	Mitigating foreign currency risk using foreign currency forward contracts and through natural hedge from opposite transactions.
Market risk - interest rate risk	Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Group's cash flows as well as costs. Group does not have any long term borrowings at variable interest rates. It only have short term cash credit borrowings. However, interest rate for these are not changed very frequently.	Risk mitigation involved maintaining a combination of fixed and floating rate debt, cash management policies
Market risk - other price risk	Decline in value of equity instruments. Company has invested in mutual funds and is effected by changes in NAV of these funds.	Diversification of portfolio
Credit risk	Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The instrument that are subject to credit risk involves trade receivables, investments, deposits and loans, cash and cash equivalents etc	The Group has a policy of dealing only with credit worthy counter parties. Other risk management policies involves credit approval and monitoring practices, counterparty credit policies and limits and arrangements with financial institutions
Liquidity risk	Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.	The Group has obtained fund and non-fund based working capital lines from various banks. Other risk management policies involves preparing and monitoring forecasts of cash flows, cash management policies, multiple-year credit and banking facilities



**Note 32: Related party transactions**

Details of related party

Description of relationship	Name of related party
Key Management Personnel (KMP)	Mr. Rajiv Gupta (Managing Director) Mrs. Mamta Gupta (Director)
Relatives of KMP	Mrs. Ritka Gupta - Daughter Mrs. Hembala Gupta - Sister Mr. Pradeep Gupta - Brother
Enterprise in which KMP / Relatives of KMP exercise significant influence	Mamta Global Pvt. Ltd. All Heavens Restaurant Pvt. Ltd. Metalroad Pvt. Ltd. Ace Trade Solution Pvt. Ltd. Blossom Impex Pvt. Ltd. Kay Kay Exim Pvt. Ltd. Ace Matrix Solutions Pvt. Ltd

**(a) Details of transaction with related parties**

Particulars	KMP	Relatives of KMP	Enterprise in which KMP / Relatives of KMP exercise significant influence	Total
Purchase of goods	-	-	-	-
	48,00,000	-	(49,77,463)	(49,77,463)
Receiving of services	(48,00,000)	-	29,70,950	77,70,950
	-	-	(1,20,000)	(49,20,000)
Sale of goods	-	-	-	-
	-	-	(13,89,466)	(13,89,466)
Advance received back	-	-	-	-
	53,33,810	2,655	(20,25,000)	(20,25,000)
Dividend paid	(26,66,905)	(1,327)	32,40,150	85,76,615
	31,84,32,368	-	16,20,075	(42,88,307)
Borrowings Received	(5,23,73,297)	-	-	31,84,32,368
	-	-	-	(5,23,73,297)

**(b) Closing balances**

Particulars	Subsidiaries	KMP	Relatives of KMP	Enterprise in which KMP / Relatives of KMP exercise significant influence	Total
Expenses payable	-	-	-	26,75,004	26,75,004
	-	-	-	(-)	(-)
Borrowings	-	37,08,05,665	-	-	37,08,05,665
	-	(5,23,73,297)	-	-	(5,23,73,297)

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

**Note 33: Corporate Social Responsibility**

The applicability of provisions of Corporate Social Responsibility, as per Companies Act 2013, on the company commenced from the Financial Year 2016-17 as the turnover of the company crossed INR 1000 Crores in the Financial Year 2015-16. Accordingly, Board of Directors constituted Corporate Social Responsibility Committee. Further, company had incorporated a wholly owned subsidiary RCI Skills & Social Development Private Limited towards CSR and Corporate Social Responsibility Committee had given their recommendation to incur the CSR Expenses through the said subsidiary and other organization carrying on CSR activities.

Accordingly the company has spent Rs. 28 Lakhs in the Financial Year 2018-2019 towards contribution to an organization named "Sum Drishti Education Society" for CSR activities.

**Note 34: Contingent Liabilities and Commitments**

Particulars	As at 31.03.2019	As at 31.03.2018
Contingent Liabilities		
Claims against the company / disputed liabilities not acknowledged as debts	-	5,56,647

**Note 35: Statement Of Net Assets And Profit Or Loss Attributable To Owners And Minority Interest**

Particulars	Net Asset	Total Comprehensive income
<b>A. Parent</b>		
<b>RCI Industries &amp; Technologies Ltd</b>		
Amount	1,78,52,20,729	17,57,89,124
% of consolidated net asset & Total comprehensive income	66%	43%
<b>B. Subsidiaries</b>		
<b>RCI World Trade Link DMCC</b>		
Amount	90,17,80,384	23,18,51,307
% of consolidated net asset & Total comprehensive income	34%	57%
<b>RCI Skills and Development Private Limited</b>	1,04,426	4,063
Amount	0.0%	0.0%
% of consolidated net asset & Total comprehensive income		
<b>C. Minority interest</b>		
Amount	-	-
% of consolidated net asset & Total comprehensive income	-	-
<b>Total</b>	<b>2,68,71,05,539</b>	<b>40,76,44,495</b>

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CIN : L74900DL1992PLC047055

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**Note 36: Other Notes**

(i) Previous year figures are regrouped and reclassified wherever necessary to conform to current year's presentation.

(ii) Group has applied Ind AS 115 "Revenue from Contract with Customers" starting April 01, 2018. The application of the new standard does not having any impact on revenue recognition of Company.

(iii) The total amount outstanding to Small, Medium and Micro Undertakings to the extent that such parties have been identified from available information by the management is Rs. 126.36 Lakhs (PY: Nil).

(iv) The Group has entered into operating lease agreements for certain offices premises, works and warehouses. The lease are for a varying period of time and may be renewed for a further period, based on mutual agreement of the parties. All the leases are classified as operating lease by the Group.

(v) Lease payments of Rs. 36.01 Lakhs (PY 47.62 Lakhs) have been recognised in the statement of Profit & Loss with respect to above mentioned operating lease agreements

(vi) The Group activity during the year revolves around manufacturing and trading of all kind of metals and metal products. Considering the nature of Group's business and operations, as well as based on review of operating results by the chief operating decision maker to make decision about resource allocation and performance measurement, there is only one reportable segment in accordance with the requirement of Ind AS 108 - "Operating Segments"

(vii) Some of the balances of receivables and payables remains unconfirmed till balance sheet date.

(viii) In the opinion of the management, current assets, financial assets and loans have a value not less than what is stated in the accounts if realised in the ordinary course of business.

**For KRA & Co.**

**Chartered Accountants**

Firm's Registration Number: 020266N

(Rajeev Gupta)

Managing Director

DIN- 00503196

(Mamta Gupta)

Director

DIN- 00503302

Rajat Goyal

Partner

Membership No. 503150

Place: Delhi

Date: May 24, 2019

(Inder Prakash Saboo) (Raman Singh)

Chief Financial Officer Company Secretary

M No. A32716