

B S R & Associates LLP

Chartered Accountants

8th floor, Business Plaza,
Westin Hotel Campus,
36/3-B, Koregaon Park Annex,
Mundhwa Road, Ghorpadi,
Pune - 411001, India

Telephone: +91 20 6747 7300
Fax: +91 20 6747 7310

INDEPENDENT AUDITORS' REPORT

To the Members of Rieco Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rieco Industries Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), 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 financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, 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 Act. Our responsibilities under those SAs 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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



Registered Office:

B S R & Associates (a partnership firm with Registration No. BA692261) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400062

B S R & Associates LLP
Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.



B S R & Associates LLP

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of 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 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.



Report on Other Legal and Regulatory Requirements (continued)

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 33 to the financial statements.

b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

c) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company ;

d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii)Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has neither declared nor paid any dividend during the year.



B S R & Associates LLP

Report on Other Legal and Regulatory Requirements (continued)

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No. 116231 W/W-100024



Raajnish Desai

Partner

Membership No. 101190

ICAI UDIN: 22101190AJPPT18001

Place: Pune

Date: 25 May 2022

B S R & Associates LLP

Rieco Industries Limited

Annexure A to the Independent Auditors' Report on financial statements – 31 March 2022

(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for inward goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns / revised quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments, nor has it given loans or provided guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act") and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.



B S R & Associates LLP

Rieco Industries Limited

Annexure A to the Independent Auditors' Report on financial statements – 31 March 2022

(Referred to in our report of even date)

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have been regularly deposited with the appropriate authorities.

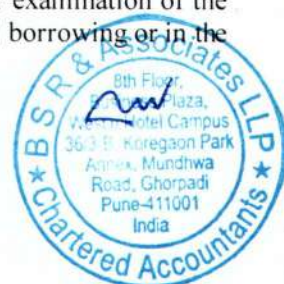
According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as of 31 March 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of Dues	Amount (Rs. lakhs) *	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central sales tax	22.9	FY 2001-02	Sales tax appellate tribunal, Mumbai
Central Sales Tax Act, 1956	Central sales tax	5.6	FY 2002-03	Sales tax appellate tribunal, Mumbai

* net of amount paid under protest

- viii.) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- ix.) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.



B S R & Associates LLP

Rieco Industries Limited

Annexure A to the Independent Auditors' Report on financial statements – 31 March 2022

(Referred to in our report of even date)

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiary, associate, or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiary, associate, or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(f) is not applicable.
- x.) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- xi.) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Establishment of vigil mechanism is not mandated for the Company. We have taken into consideration the whistle blower complaints received under the vigil mechanism established voluntarily by the Company during the year and shared with us while determining the nature, timing and extent of our audit procedures.
- xii.) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii.) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.



B S R & Associates LLP

Rieco Industries Limited

Annexure A to the Independent Auditors' Report on financial statements – 31 March 2022

(Referred to in our report of even date)

- xiv.) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- xv.) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- xvi.) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xv)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable
- xvii.) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- xviii.) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- xix.) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx.) (a) The Company has transferred the amount remaining unspent in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Act till the date of our report.



B S R & Associates LLP

Rieco Industries Limited

Annexure A to the Independent Auditors' Report on financial statements – 31 March 2022

(Referred to in our report of even date)

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No. 116231 W/W-100024



Raajnish Desai

Partner

Place: Pune

Date: 25 May 2022

Membership No. 101190

ICAI UDIN: 22101190AJPPTI8001

B S R & Associates LLP

Annexure B to the Independent Auditors' report on the financial statements of Rieco Industries Limited for the period ended 31 March 2022.

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

Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Opinion

We have audited the internal financial controls with reference to financial statements of Rieco Industries Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



B S R & Associates LLP

Annexure B to the Independent Auditors' report on the financial statements of Rieco Industries Limited for the period ended 31 March 2022.

Auditors Responsibility (continued)

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.116231W/W-100024



Raajnish Desai

Partner

Membership No. 101190

ICAI UDIN: 22101190AJPTI8001

Place: Pune

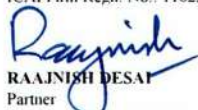
Date: 25 May 2022

RIECO INDUSTRIES LIMITED 1162/2, BEHIND OBSERVATORY, SHIVAJINAGAR, PUNE - 411005 BALANCE SHEET AS AT MARCH 31, 2022 (All amounts are in INR Lakhs, unless otherwise stated)			
Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
I. Non Current Assets			
(a) Property, plant and equipment	3	717.1	435.6
(b) Right-of-use assets	4	291.4	340.3
(c) Capital work-in-progress	5	276.8	-
(d) Intangible assets	6	193.9	151.8
(e) Intangible assets under development	6	29.4	26.8
(f) Other non current assets	7	46.7	32.1
(g) Other non current financial assets	8	14.8	14.8
(h) Deferred tax assets (net)	9	221.6	150.6
(i) Non-current tax assets (net)	10	179.8	189.4
		1,971.5	1,341.4
II. Current Assets			
(a) Inventories	11	1,991.4	1,275.0
(b) Financial assets			
(i) Trade receivables	12	3,474.9	2,127.0
(ii) Cash and cash equivalents	13	307.3	90.4
(iii) Other financial assets	14	628.6	447.5
(c) Other current assets	15	2,927.8	1,922.8
		9,330.0	5,862.7
Total Assets		11,301.5	7,204.1
EQUITY AND LIABILITIES			
I. Equity			
(a) Share capital	16	1,250.0	1,250.0
(b) Other equity	17	700.1	478.1
		1,950.1	1,728.1
II. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	32	309.5	341.8
(ii) Borrowings	18	487.9	225.9
(b) Provisions	19	160.9	119.1
		958.3	686.8
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	1,339.1	44.8
(ii) Lease liabilities	32	32.3	26.8
(iii) Trade payable			
(a) total outstanding dues of micro and small enterprises	20	752.4	378.2
(b) total outstanding dues other than (iii) (a) above	20	3,388.2	2,187.7
(iv) Other financial liabilities	21	399.5	124.7
(b) Other current liabilities	22	2,457.3	2,008.0
(c) Provisions	23	23.1	13.0
(d) Current tax liabilities (net)	10	1.2	6.0
		8,393.1	4,789.2
Total Equity and Liabilities		11,301.5	7,204.1
Summary of significant accounting policies	2		

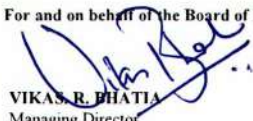
The accompanying notes form an integral part of these Financial Statements.

As per our report of even date.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No.: 116231 W/W-100024

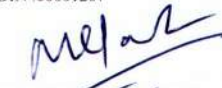

RAAJNISH DESAI
Partner
Membership No.: 101190
Pune
Date : 25 May 2022

For and on behalf of the Board of Directors


VIKAS R. BHATIA
Managing Director
DIN : 01056616


S. PADMANABHAN
Director
DIN : 00001207


MEDHA GOKHALE
Chief Financial Officer
Pune
Date : 25 May 2022


MANDAR M. VELANKAR
Company Secretary
Pune
Date : 25 May 2022

RIECO INDUSTRIES LIMITED 1162/2, BEHIND OBSERVATORY, SHIVAJINAGAR, PUNE - 411005 STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022 (All amounts are in INR Lakhs, unless otherwise stated)			
Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Revenue from operations	24	18,152.9	11,340.5
Other income	25	85.0	163.9
Total Income		18,237.9	11,504.4
EXPENSES			
Cost of materials consumed	26	12,454.4	6,548.5
(Increase) / decrease in inventories of finished goods, work-in-progress and stock in trade	27	(360.9)	539.3
Employee benefits expense (net)	28	2,384.4	1,370.8
Finance cost	29	137.4	122.0
Depreciation and amortization expense	30	201.4	105.5
Other expenses	31	3,128.7	2,215.1
Total expenses		17,945.4	10,901.2
Profit before tax		292.5	603.2
Tax expense			
Current tax	41	144.6	-
Deferred tax		(71.0)	114.7
Total tax expense		73.6	114.7
Profit for the year		218.9	488.5
Other comprehensive income			
Items that will be reclassified to profit or loss			
Remeasurement gains / (losses) on post employment benefit obligations		4.2	(29.5)
Income tax relating to above		(1.1)	7.4
Other comprehensive income for the year, net of tax		3.1	(22.1)
Total comprehensive income for the year, net of tax		222.0	466.4
Earning per equity share [Nominal Value per share Rs. 10 (31st March, 2021- Rs. 10)]			
Basic earnings per share (in Rs.)	34	1.8	3.9
Diluted earnings per share (in Rs.)	34	1.8	3.9
Summary of significant accounting policies	2		

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No.: 116231 W/W-100024



RAAJNISH DESAI
Partner
Membership No.: 101190
Pune
Date : 25 May 2022


VIKAS R. BHATIA
Managing Director
DIN :01056616


MEDHA GOKHALE
Chief Financial Officer
Pune
Date : 25 May 2022


S. PADMANABHAN
Director
DIN :00001207


MANDAR M. VELANKAR
Company Secretary
Pune
Date : 25 May 2022

RIECO INDUSTRIES LIMITED
1162/2, BEHIND OBSERVATORY, SHIVAJINAGAR, PUNE - 411005
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flow from operating activities		
Profit before tax	292.5	603.2
Adjustments for:		
Depreciation/amortization	201.4	105.5
Finance costs	137.4	122.0
Allowance for bad debts / (reversed)	105.7	(27.5)
Interest income	(35.6)	(13.2)
Loss on sale of property, plant and equipment	-	4.5
Provision for Inventory	13.9	-
Write off and impairment provision of Intangible asset under development CWIP	26.7	-
Operating profit before working capital changes	742.0	794.5
Working capital adjustments:		
Change in trade payables	1,574.7	670.3
Change in provisions	51.9	33.7
Change in other financial liabilities	274.8	(126.9)
Change in other liabilities	449.3	382.6
Change in trade receivables	(1,453.6)	(300.7)
Change in inventories	(702.5)	663.4
Change in other financial and other assets	(1,036.6)	(783.0)
Cash generated from operations	(100.0)	1,333.9
Direct taxes paid (net)	(139.7)	(30.0)
Net cash flow from / (used in) operating activities (A)	(239.7)	1,303.9
Cash flows from investing activities		
Payment for purchase of Property, plant and equipments and intangible assets (including capital work in progress)	(821.6)	(365.7)
Movement in Fixed deposits with original maturity more than three months but less than one year	(149.5)	(75.2)
Interest received	35.6	13.2
Net cash flow from / (used in) investing activities (B)	(935.5)	(427.7)
Cash flows from financing activities:		
Proceeds from / (repayment) of short-term borrowings (net)	1,294.3	(661.5)
Proceeds from long-term borrowings (net)	262.0	-
Payment of Lease liabilities	(66.3)	(37.3)
Interest paid	(97.9)	(87.1)
Net cash flow from / (used in) financing activities (C)	1,392.1	(785.9)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	216.9	90.3
Cash and cash equivalents at the beginning of the year	90.4	0.1
Cash and cash equivalents at the end of the year	307.3	90.4

Notes:

(i) The above Cash Flow Statement has been prepared under the Indirect method set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

(ii) For the purpose of cash flow, cash and cash equivalents comprise :

	As at March 31, 2022	As at March 31, 2021
Cash on hand	0.3	0.4
With banks :		
On current account and cash credit account	307.0	90.0
Total cash and cash equivalents (refer note 13)	307.3	90.4

(iii) Reconciliation of liabilities arising from financing activities

Particulars	As at March 31, 2021	Cash flows (Net)	Foreign exchange	As at March 31, 2022
Credit balance to the CC account	-	1,050.3	-	1,050.3
Working capital term loan	270.7	506.0	-	776.7



The accompanying notes form an integral part of these Financial Statements.

As per our report of even date.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No.: 116231 W/W-100024


RAAJNISH DESAI
Partner
Membership No.: 101190
Pune
Date : 25 May 2022


VIKAS R. BHATIA
Managing Director
DIN : 01056616


MEDHA GOKHALE
Chief Financial Officer
Pune
Date : 25 May 2022

For and on behalf of the Board of Directors


S. PADMANABHAN
Director
DIN : 00001207


MANDAR M. VELANKAR
Company Secretary
Pune
Date : 25 May 2022

RIECO INDUSTRIES LIMITED
1162/2, BEHIND OBSERVATORY, SHIVAJINAGAR, PUNE - 411005
Statement of Changes in Equity for the Year ended March 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

A. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

Particulars	Number of shares	Amount
Balance as at 31 March 2020	12,500,000	1,250.0
Changes in equity share capital during 2020-21	-	-
Balance as at 31 March 2021	12,500,000	1,250.0
Changes in equity share capital during 2021-22	-	-
Balance as at 31 March 2022	12,500,000	1,250.0

B. Other Equity

Particulars	Reserves and Surplus				Items of OCI	Total
	Capital Redemption Reserve	Surplus in the Statement of Profit and Loss	General Reserve	Other equity	Remeasurements of defined benefit obligation / (asset)	
Balance as at March 31, 2020	10.0	(303.1)	215.5	89.3	-	11.7
Profit / (loss) for the year	-	488.5	-	-	-	488.5
Remeasurement of net defined benefit liability / asset (net of tax)	-	-	-	-	(22.1)	(22.1)
Total comprehensive income for the year	-	488.5	-	-	(22.1)	466.4
Balance as at March 31, 2021	10.0	185.4	215.5	89.3	(22.1)	478.1
Profit / (loss) for the year	-	218.9	-	-	-	218.9
Remeasurement of net defined benefit liability / asset (net of tax)	-	-	-	-	3.1	3.1
Total comprehensive income for the year	-	218.9	-	-	3.1	222.0
Balance as at March 31, 2022	10.0	404.3	215.5	89.3	(19.0)	700.1

Summary of significant accounting policies

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Regn. No.: 116231 W/W-100024



RAJNISH DESAI

Partner

Membership No.: 101190

Pune

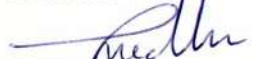
Date : 25 May 2022

For and on behalf of the Board of Directors

VIKAS. R. BHATTIA

Managing Director

DIN :01056616



MEDHA GOKHALE

Chief Financial Officer

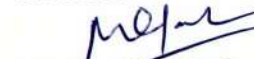
Pune

Date : 25 May 2022

S. PADMANABHAN

Director

DIN :00001207



MANDAR. M. VELANKAR

Company Secretary

Pune

Date : 25 May 2022

RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

1. Background

RIECO Industries Limited ("the Company") was incorporated on 30 October 1975 and is domiciled in India. The registered office of the Company is located at 1162/2 Shivaji Nagar, Behind Observatory, Pune, Maharashtra, India – 411005. The CIN of the Company is U24118MH1975PLC018631.

The Company manufactures and sells machinery and equipment for grinding solutions, clean air solutions and conveying solutions.

The financial statements of the Company for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 25 May 2022.

2. Basis of preparation and significant accounting policies:

2.1 Basis of preparation:

i) Statement of Compliance:

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, read with Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

ii) Historical cost convention:

The financial statements have been prepared on the historical cost basis except for the following items:

	Items	Measurement basis
(a)	Certain financial assets and liabilities (including derivatives instruments)	Fair value
(b)	Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

iii) Current versus non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

2.2 Key Accounting Estimates and Judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in following notes:

(a) Useful life of depreciable assets:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including Intangible Assets.



(b) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues.

(c) Revenue recognition:

The Company applies the percentage of completion method in accounting for certain customer contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date (input method) as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

(d) Defined benefit obligation:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(e) Impairment of non-financial assets:

In assessing impairment, management has estimated economic usefulness of the assets, the recoverable amount of each asset or cash-generating units based on expected future cash flows and use of an interest rate to discount them. Estimation of uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate.

(f) Impairment of trade receivables:

The Company estimates the collectability of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

(g) Provision for inventory obsolescence:

The Company identifies slow and non-moving stock of all inventories on an ongoing basis. These materials are then classified based on their expected shelf life to determine the possibility of utilisation / liquidation of these materials. Based on this study, a provision for slow and non-moving inventory is created.

(h) Estimation uncertainty relating to COVID-19 pandemic:

The Company has considered the possible effects that may result from the resurgence COVID-19, a global pandemic, on the carrying amount of receivables, contract assets and inventories. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

(i) Capitalization of intangible Assets and recognition of intangible assets under development:

The Company undertakes research and Development to develop technical knowhow in relation to new products. A periodic review is undertaken for each new product. The Company applies judgement in determining at what point of time recognition criteria for intangible Assets under accounting standards is satisfied. The company also applies judgement in determining whether an intangible asset or intangible asset under development no longer has future economic benefits and hence should be impaired.



2.3 Significant accounting policies:

(i) Foreign currency translation:

(a) Functional and Presentation Currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupees Lakhs (INR Lakhs), which is the Company's functional and presentation currency.

(b) Transactions and balances:

- Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Profit or Loss and reported within foreign exchange gains/(losses), except when deferred in other comprehensive income as qualifying cash flow hedges.
- A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.
- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other comprehensive income or profit or loss are also recognised in Other comprehensive income or profit or loss, respectively).

(ii) Property, plant and equipment:

(a) Recognition and measurement:

Items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

(b) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

(c) Depreciation:

- Depreciation on tangible assets is provided on the straight-line method on pro-rata basis, over the useful lives of assets as prescribed in Schedule – II of the Companies Act, 2013, except in respect of the following assets where, useful life of assets have been determined based on technical evaluation done by the management's expert:

Asset Class	Useful Life Adopted	Useful Life as per Schedule – II
Plant and Machinery	10	15

- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iii) Leases

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the standalone statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction



RIECO INDUSTRIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022**

in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(iv) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Research costs are charged to the statement of Profit and Loss in the year in which they are incurred. New Product development costs involving technical knowhow incurred on new products are recognised as intangible assets, when feasibility has been established, the company has committed technical, financial and other resources to complete the development and it is probable that the asset will generate future economic benefits. The costs capitalised include material cost, direct labour and amortized on a straight-line basis over a period of 3 years.

Amortisation:

- The useful lives of intangible assets are assessed as either finite or indefinite.
- Intangible assets i.e., computer software's and technical knowhow are amortized on a straight-line basis over the period of expected future benefits. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Asset Class	Years
Technical know-how.	3
Others	3 - 9

- Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(v) Intangible asset under development:

Intangible assets under development are carried at cost, comprising direct costs, directly attributable incidental expenses and eligible borrowing costs, if any. Following initial recognition, intangible assets are carried at cost less accumulated impairment losses, if any.

(vi) Inventories:

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(a) Raw materials:

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

(b) Work-in-process and Finished Goods:

Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials. In case finished goods inventory and work-in-progress. Cost includes an appropriate share of overheads (both fixed and variable), Fixed overhead are included in cost of manufactured inventory based on normal operating capacity



(c) Stores and spares and packing material:

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

(d) Traded goods are valued at lower of cost and net realizable value. Cost included cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

(e) Provision is made for obsolete and non-moving items.

(vii) Cash and Cash Equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(viii) Financial Instruments

(a) Financial Assets:

(1) Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(2) Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in three categories:

- **Financial assets at amortised cost:** A financial asset is subsequently measured at amortised cost using the effective interest method, if these assets are held within a business model whose objective is to hold the asset 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 at fair value:** A financial asset which are not measured at amortised cost are subsequently fair valued through profit or loss unless the Company irrevocably elects on initial recognition to present changes in other comprehensive income.

In cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

(3) Trade receivables:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

(4) De-recognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.



(5) Impairment of financial assets:

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) is recognized in the statement of profit and loss.

(b) Financial Liabilities:

(1) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

(2) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(c) Derivatives:

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

(d) Offsetting of financial instruments:

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

(e) Financial guarantee contracts.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.



RIECO INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as fees receivable under "other financial assets" or as a part of the cost of the investment, depending on the contractual terms.

(viii) Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(ix) Revenue Recognition:

The Company earns revenue primarily from manufacture and sale of pollution control equipment, size reduction equipment and pneumatic conveying systems. The equipment are customised based on specific customer requirements.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Most of the Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions pertain to some contracts which include provision of erection and commissioning services, the pricing of which varies based on the time spent towards erection and commissioning. However, the effect of this variability is not material.

In respect of customised products based on specific customer requirement, each equipment/ system is considered as a separate performance obligation. The performance obligations are satisfied over a period of time. Revenue on such contracts is recognised using the percentage of completion method. The Company measures the progress towards complete satisfaction of performance obligation based on input method. The stage of completion of the contract is measured by comparing the cost incurred on the project with the total estimated cost for the project. This is considered a faithful depiction of entity's performance to date.

Revenue is measured based on the transaction price, which is the consideration, adjusted for trade discounts, volume rebates, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts and there is unconditional right to receive cash, and only passage of time is required, as per contractual terms (only act of invoicing is pending).

Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.



Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

The Company has taken advantage of the practical exemption to not account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less.

(x) Employee Benefits:

(a) Short Term Employee Benefits:

The distinction between short term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(b) Post-Employment Benefits:

(1) Defined contribution plans:

The contributions to provident fund are recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

(2) Defined benefit plans:

The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method as at the date of the Balance sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the profit or loss in subsequent periods.

(3) Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.



The Company's net obligation in respect of Compensated Absences is the amount of future benefits the employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

(4) Termination benefits:

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(xi) Borrowing Costs:

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest income or expense is recognised using the effective interest method.

(xii) Taxation:

Income tax expense for the year comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(a) Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(b) Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- (1) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- (2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (3) taxable temporary differences arising on the initial recognition of goodwill.



Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

(xiii) Impairment of non- financial assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/ cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment. A previously recognised impairment loss is reversed only if there has been a change in the assumption used to determine the assets' recoverable amount, since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciations, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of profit and loss.

(xiv) Earnings Per Share:

- Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.
- For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(xv) Dividends:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(xvi) Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs with one decimal as per the requirement of Schedule III, unless otherwise stated.

(xvii) Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:



Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification, and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

3 Property, plant and equipment

Reconciliation of carrying amount

Particulars	Freehold land	Buildings	Plant and Equipment	Vehicles	Furniture and fixtures	Office Equipments	Total
Gross carrying amount as at April 1, 2020	0.6	115.3	200.7	102.5	13.3	9.4	441.8
Additions	-	25.9	172.5	-	14.3	16.0	228.7
Disposals	-	-	22.6	-	3.3	2.1	28.1
Gross carrying amount as at March 31, 2021	0.6	141.2	350.6	102.5	24.3	23.3	642.3
Accumulated depreciation as at April 1, 2020	-	18.9	103.6	37.7	2.3	3.8	166.3
Depreciation for the year	-	5.7	42.3	11.4	2.0	3.2	64.6
Disposals	-	-	21.8	-	1.6	0.7	24.1
Accumulated depreciation as at March 31, 2021	-	24.6	124.1	49.1	2.7	6.2	206.7
Net carrying amount as at March 31, 2021	0.6	116.6	226.5	53.4	21.5	17.0	435.6

Particulars	Freehold land	Buildings	Plant and Equipment	Vehicles	Furniture and fixtures	Office Equipments	Total
Gross carrying amount as at April 1, 2021	0.6	141.2	350.6	102.5	24.3	23.3	642.3
Additions	-	5.9	330.7	4.2	16.4	28.2	385.4
Disposals	-	-	9.4	-	-	-	9.4
Gross carrying amount as at March 31, 2022	0.6	147.1	671.8	106.7	40.7	51.5	1,018.3
Accumulated depreciation as at April 1, 2021	-	24.6	124.1	49.1	2.7	6.2	206.7
Depreciation for the year	-	6.6	75.8	10.8	3.3	6.9	103.4
Disposals	-	-	8.9	-	-	-	8.9
Accumulated depreciation as at March 31, 2022	-	31.2	191.0	59.9	6.0	13.1	301.2
Net carrying amount as at March 31, 2022	0.6	115.9	480.8	46.8	34.7	38.4	717.1

Refer note 18 for property, plant and equipment offered as security against borrowings obtained by the Company .

4 Right-of-use assets

Reconciliation of carrying amount

Particulars	Buildings
Gross carrying amount as at April 1, 2020	231.0
Additions	141.2
Deletions	-
Gross carrying amount as at March 31, 2021	372.2
Accumulated depreciation as at April 1, 2020	5.8
Depreciation for the year	26.1
Deletions	-
Accumulated depreciation as at March 31, 2021	31.9
Net carrying amount as at March 31, 2021	340.3

Particulars	Buildings
Gross carrying amount as at April 1, 2021	372.2
Additions	-
Deletions	-
Gross carrying amount as at March 31, 2022	372.2
Accumulated depreciation as at April 1, 2021	31.9
Depreciation for the year	51.2
Deletions	-
Accumulated depreciation as at March 31, 2022	83.1
Net carrying amount as at March 31, 2022	291.4

5 Capital Work - in -Progress (CWIP)

	CWIP
Gross carrying amount as at April 1, 2020	-
Additions	-
Deletions	-
Gross carrying amount as at March 31, 2021	-
Gross carrying amount as at April 1, 2021	-
Additions	276.8
Deletions	-
Gross carrying amount as at March 31, 2022	276.8



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

Following is the ageing schedule for Capital Work in Progress

Particulars	Capital work in progress 31, March 2022			
	Less than 1 year	1-2 years	2-3 years	Total
Projects in progress	276.8	-	-	276.8
Projects temporarily suspended	-	-	-	-

CWIP comprises of Building work in progress.

6 Intangible assets

Reconciliation of carrying amount

Particulars	Technical Know-how on New Products (Internally Generated)	Computer Software	Total
Gross carrying amount as at April 1, 2020	-	114.5	114.5
Additions	59.1	38.4	97.5
Disposals	-	-	-
Gross carrying amount as at March 31, 2021	59.1	152.9	212.0
Accumulated amortisation as at April 1, 2020	-	45.4	45.4
Amortisation for the year	-	14.8	14.8
Disposals	-	-	-
Accumulated amortisation as at March 31, 2021	-	60.2	60.2
Net carrying amount as at March 31, 2021	59.1	92.7	151.8

Particulars	Technical Know-how on New Products (Internally Generated)	Computer Software	Total
Gross carrying amount as at April 1, 2021	59.1	152.9	212.0
Additions	28.1	60.8	88.9
Disposals	-	-	-
Gross carrying amount as at March 31, 2022	87.2	213.7	300.9
Accumulated amortisation as at April 1, 2021	-	60.2	60.2
Amortisation for the year	19.7	27.1	46.8
Disposals	-	-	-
Accumulated amortisation as at March 31, 2022	19.7	87.3	107.0
Net carrying amount as at March 31, 2022	67.5	126.4	193.9

Reconciliation of carrying amount

Particulars	Intangible Assets under development (Technical Know-how on New Products) - Internally Generated
Gross carrying amount as at April 1, 2020	-
Additions	26.8
Disposals	-
Gross carrying amount as at March 31, 2021	26.8

Particulars	Intangible Assets under development (Technical Know-how on New Products) - Internally Generated
Gross carrying amount as at April 1, 2021	26.8
Additions	29.3
ITUD CWIP written off during the year	(14.4)
ITUD CWIP - impairment provision during the year	(12.3)
Gross carrying amount as at March 31, 2022	29.4



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

Following is the ageing schedule for Intangible assets under development

Particulars	Intangible assets under development 31, March 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	29.4	-	-	-	29.4
Projects temporarily suspended	-	-	-	-	-
	29.4	-	-	-	29.4

Particulars	Intangible assets under development 31, March 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	26.8	-	-	-	26.8
Projects temporarily suspended	-	-	-	-	-
	26.8	-	-	-	26.8

7 Other non current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances	46.7	32.1
Total	46.7	32.1

8 Other non current financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits	14.8	14.8
Total	14.8	14.8



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

9 Deferred Tax Assets (Net)

Particulars	As at March 31, 2022	As at March 31, 2021
The major components of the deferred tax liability (DTL) are:		
- Property, plant and equipment	36.1	30.7
	36.1	30.7
The major components of deferred tax assets (DTA) are:		
- Provision for expenses allowable on payment basis	90.0	33.3
- Accumulated tax losses	-	6.6
- Allowance for expected credit loss	89.7	79.7
- Remeasurement gains / (losses) on post employment benefit obligations	1.1	7.5
- Other (includes Deferred Tax Asset on inventory obsolescence and other provisions)	76.9	54.3
	257.7	181.3
Deferred tax assets (Net)	221.6	150.6

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income 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 income 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 income tax assets are deductible, management believes that the company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

(a) Movement in deferred tax assets

Particulars	Provision for expenses allowable on payment basis and other provision	Unabsorbed depreciation	Allowance for expected credit loss	Accumulated tax losses	Total
As at April 1, 2020	95.9	12.2	86.6	87.8	282.4
(Charged) / credited:	-	-	-	-	-
- to statement of profit and loss	(8.2)	(12.2)	(6.9)	(81.2)	(108.6)
- to other comprehensive income	7.5	-	-	-	7.5
As at March 31, 2021	95.1	-	79.7	6.6	181.3
(Charged) / credited:	-	-	-	-	-
- to statement of profit and loss	79.4	-	10.0	(6.6)	82.8
- to other comprehensive income	(6.4)	-	-	-	(6.4)
As at March 31, 2022	168.1	-	89.7	-	257.7

(b) Movement in deferred tax liability

Particulars	Property, plant and equipment	Total
As at April 1, 2020	24.6	24.6
Charged / (credited):	-	-
- to statement of profit and loss	6.1	6.1
As at March 31, 2021	30.7	30.7
Charged / (credited):	-	-
- to statement of profit and loss	5.4	5.4
- to other comprehensive income	-	-
As at March 31, 2022	36.1	36.1

10 Income Tax Assets / Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Non-current tax assets (net)		
Income tax assets	344.3	389.4
Income tax liabilities	164.5	200.0
Non-current income tax assets (net)	179.8	189.4
(b) Current tax liability (Net)		
Income tax assets	59.5	206.8
Income tax liabilities	60.7	212.8
Current income tax liabilities (net)	1.2	6.0



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
 (All amounts are in INR Lakhs, unless otherwise stated)

11 Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials	825.4	482.2
Work in Progress	770.1	631.9
Finished Goods	335.3	105.8
Goods in transit	-	6.8
Total Finished Goods including GIT	335.3	112.6
Stores and Spares	60.6	48.3
	1,991.4	1,278.0

The above amount is net of provision for slow-moving / non-moving inventory of Rs. 130.56 lakhs (Previous Year Rs. 116.75 lakhs)

12 Trade Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured considered good unless otherwise stated) (Refer Note No. 42 for details of related party balances)		
Trade Receivables Considered good	3,659.6	2,235.5
Less: Allowance for expected credit loss (Refer note 38 for details)	184.7	108.5
	3,474.9	2,127.0
Trade Receivables which are credit impaired	171.1	208.0
Less: Allowance for expected credit loss (Refer note 38 for details)	171.1	208.0
	3,474.9	2,127.0

For trade receivables offered as security, refer note 18.

Following is the ageing schedule for Trade Receivables

Particulars	Outstanding for the following periods as on March 31, 2022						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	2,210.3	1,168.1	96.5	-	-	-	3,474.9
Undisputed - which have significant increase in credit risk	50.3	68.0	51.2	15.2	-	-	184.7
Undisputed - Credit impaired	-	-	-	171.1	-	-	171.1
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
	2,260.6	1,236.1	147.7	186.3	-	-	3,830.7

Note :- Above figures does not include provision for expected credit loss amounting to Rs. 355.8 lakhs

Particulars	Outstanding for the following periods as on March 31, 2021						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	1,550.9	550.3	25.8	-	-	-	2,127.0
Undisputed - which have significant increase in credit risk	51.2	14.2	43.1	-	-	-	108.5
Undisputed - Credit impaired	-	-	-	208.0	-	-	208.0
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
	1,602.1	564.5	68.9	208.0	-	-	2,443.5

Note :- Above figures does not include provision for expected credit loss amounting to Rs. 316.5 lakhs

13 Cash And Cash Equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Balances with banks		
In Current Accounts and cash credit accounts	307.0	90.0
(b) Cash on hand	0.3	0.4
	307.3	90.4

14 Other Current Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits / Margin money deposits	20.4	13.4
Fixed deposits with original maturity more than three months but less than one year	526.0	376.5
MEIS scrips in hand	51.2	-
Stamp Duty refund receivable	12.0	-
Export incentives receivable	19.0	57.6
	628.6	447.5

15 Other Current Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advances other than capital advances:		
Advance to suppliers	592.8	506.8
Less: Allowance for doubtful advances	51.4	63.0
	541.4	443.8
Contract Assets (Refer Note No. 44)	2,198.4	1,178.6
Balances with government authorities (includes indirect taxes receivable)	121.1	248.1
Prepaid expenses	64.8	44.8
Others	2.1	7.5
	2,927.8	1,922.8



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

16 Equity Share Capital

Particulars	As at March 31, 2022	As at March 31, 2021
AUTHORISED : 17,000,000 Equity Shares of Rs.10 each	1,700.0	1,700.0
ISSUED, SUBSCRIBED AND PAID UP : 12,500,000 Equity Shares of Rs.10/- each fully paid up as at March 31, 2022 (12,500,000 Equity Shares of Rs.10/- each fully paid up as at March 31, 2021)	1,250.0	1,250.0

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

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	12,500,000.0	1,250.0	12,500,000.0	1,250.0
Add: Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	12,500,000.0	1,250.0	12,500,000.0	1,250.0

(b) Terms/ Rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share (Previous Year : Rs.10 each). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend.

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

(c) Shares held by the holding company and details of shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	%	Number	%
Equity Shares				
Sudarshan Chemical Industries Limited *	12,500,000.0	100%	12,500,000.0	100%

* Includes 6 number of shares held by individuals on behalf of Sudarshan Chemical Industries Limited

(d) For a period of five years immediately preceding 31st March, 2022 :

- aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash - NIL
- aggregate number and class of shares allotted as fully paid up by way of bonus shares - NIL
- aggregate number of shares bought back - NIL

(e) Other disclosures mandated by Schedule III are not applicable to the Company and hence have not been made

(f) The company does not have any Promoters as defined in Companies Act 2013 and hence disclosure of shareholding pattern for promoter is not applicable.



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

17 Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Capital redemption reserve	10.0	10.0
Surplus in the statement of Profit and Loss	404.3	185.4
General reserve	215.5	215.5
Equity contribution from parent	89.3	89.3
Other Comprehensive Income	(19.0)	(22.1)
Total reserves and surplus	700.1	478.1

(a) Movement in other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Capital redemption reserve		
Balance as at the beginning of the year	10.0	10.0
Balance as at the end of the year	10.0	10.0
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	185.4	(303.1)
Add: Profit/ (Loss) for the year	218.9	488.5
Balance as at the end of the year	404.3	185.4
Components of other comprehensive income		
Remeasurement of defined benefit obligation (asset), net of tax		
Balance as at the beginning of the year	(22.1)	-
Add / (less) items of other comprehensive income recognised directly in equity: - remeasurements of post employment benefit obligation, net of tax	3.1	(22.1)
Balance as at the end of the year (Deficit)	(19.0)	(22.1)
General reserve		
Balance as at the beginning of the year	215.5	215.5
Balance as at the end of the year	215.5	215.5
Equity contribution from parent	89.3	89.3
Balance as at the end of the year	89.3	89.3

(b) Nature and purpose of each reserve within equity:

(i) Capital redemption reserve:

This reserve has been created pursuant to buyback of Equity Share Capital and as mandated by the Companies Act, 2013.

(ii) Surplus in the Statement of Profit and Loss

This comprises the Company's undistributed earnings after taxes.

(iii) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. It is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

(iv) Other comprehensive income

Other comprehensive income comprises of actuarial gain/ losses on defined benefit schemes.

(v) Equity contribution from parent company

The fair value of Bank Guarantee provided by the Parent Company, Sudarshan Chemicals India Limited to enable Rieco Industries Limited, to avail bank finance at concessional rates has been classified as "Equity contribution from parent company" in accordance with Ind AS 109.



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
 (All amounts are in INR Lakhs, unless otherwise stated)

18 Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
A) Current Borrowings		
Secured		
Loans Repayable On Demand :		
Working capital loans (refer note (a) below)	1,050.3	-
Current maturities of long term borrowing	288.8	44.8
Total Current borrowings	1,339.1	44.8
B) Non current borrowings		
Secured		
Working capital loans (refer note (b) below)	487.9	225.9
Total Non current borrowings	487.9	225.9

Note :-

- a) The working capital loans (cash credit) from Bank of Maharashtra carried interest @base rate + .5% (presently 8.30% p.a.). The cash credits are secured by hypothecation of inventory and receivables and Corporate Guarantee from Sudarshan Chemical Industries Limited.
- b) The Working Capital Term Loan from Bank of Maharashtra carries interest 7.5% p.a. The borrowings are secured by way of 2nd charge on hypothecation of inventory and receivables and 2nd charge on Land and Building situated at Alandi, taluka Khed.
- c) The term Loan from ICICI Bank carries interest 6.5% p.a with Corporate Guarantee from Sudarshan Chemical Industries Limited.
- d) The working capital demand loans (cash credit) from ICICI carries interest @ base rate + 1.8 % (presently 5.8% p.a.). The cash credits are secured by hypothecation of inventory and receivables and Corporate Guarantee from Sudarshan Chemical Industries Limited.
- The Company files quarterly statements for receivables, payables and inventory with the bank. The Company reconciles the statements filed with the bank with the amounts as per financials. Further, pursuant to subsequent adjustments coming out if any, post closure of yearly books and statutory audits, the company files the revised returns with the updated accounts at the year end.

19 Provisions : Non Current

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits		
Provision for compensated absences	90.9	67.9
Provision for Gratuity	70.0	51.2
	160.9	119.1



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

20 Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Due towards Micro and Small Enterprises (Refer Note No.35)	752.4	378.2
Other than Micro and Small Enterprises	3,388.2	2,187.7
	4,140.6	2,565.9

Following is the ageing schedule.

Particulars	Outstanding for the following periods as on March 31, 2022				
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
Micro and Small Enterprises	560.7	191.7	-	-	-
Others	760.6	2,627.6	-	-	-
Disputed Micro and Small Enterprises	-	-	-	-	-
Disputed Others	-	-	-	-	-
Total	1,321.3	2,819.3	-	-	-

Particulars	Outstanding for the following periods as on March 31, 2021				
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
Micro and Small Enterprises	68.2	310.0	-	-	-
Others	322.7	1,865.0	-	-	-
Disputed Micro and Small Enterprises	-	-	-	-	-
Disputed Others	-	-	-	-	-
Total	390.9	2,175.0	-	-	-

21 Other Current Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Employee Dues	399.5	124.7
	399.5	124.7

22 Other Current Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	52.1	105.7
Advance from customers	2,366.0	1,571.9
Deferred revenue	39.2	330.3
	2,457.3	2,008.0

23 Provisions : Current

Particulars	As at March 31, 2022	As at March 31, 2021
Provision For Employee Benefits :		
Provision for compensated absences	23.1	13.0
	23.1	13.0



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

24 Revenue From Operations

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Sale of products (including revenue from Percentage of Completion contracts)	18,012.4	11,303.7
Sale of services	134.5	3.2
Other Operating Revenue		
Export Incentives	6.0	33.6
	18,152.9	11,340.5

25 Other Income

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest income from financial assets carried at amortised cost		
Others	-	1.1
Interest income		
- On Income Tax refund	4.3	5.2
- Others	31.2	6.9
Other Non-Operating Income		
Miscellaneous income	49.5	150.7
	85.0	163.9

26 Cost of Material Consumed

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Inventory of raw materials at the beginning of the year	482.2	593.2
Add: Purchases	12,797.6	6,437.5
	13,279.8	7,030.7
Less: Inventory of raw materials at the end of the year	825.4	482.2
	12,454.4	6,548.5

27 Changes In Inventory Of Finished Goods, Work In Progress And Stock In Trade

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Inventory at the beginning of the year		
Finished products	112.6	653.6
Work in Progress	631.9	630.2
	744.5	1,283.8
Inventory at the end of the year		
Finished products	335.3	112.6
Work in Progress	770.1	631.9
	1,105.4	744.5
	(360.9)	539.3

28 Employee Benefits Expenses (Net)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Salary, wages and bonus	2,242.0	1,327.0
Contribution to provident and other funds	102.9	72.4
Staff welfare expenses	67.5	57.2
	2,412.4	1,456.6
Less : - Capitalised under Intangible assets (internally generated) and intangibles under development (internally generated)	(28.1)	(85.8)
	2,384.4	1,370.8

PY Employee benefit expense are net of superannuation fund refund received for the employee who has left the service Rs. 57.5 lakhs.

29 Finance Costs

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest expenses on financial liabilities measured at amortised cost	75.0	65.8
Other borrowing costs (Includes charges for guarantees and loan commitment charges)	22.9	21.3
Finance charges on lease liabilities	39.5	34.9
	137.4	122.0

30 Depreciation And Amortisation Expenses

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation on property, plant and equipment	103.4	64.6
Depreciation of right of use assets	51.2	26.1
Amortisation of intangible assets	46.8	14.8
	201.4	105.5



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
 (All amounts are in INR Lakhs, unless otherwise stated)

31 Other Expenses

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Consumption of stores and spares	216.3	227.2
Power and fuel	32.1	26.9
Repairs and maintenance	94.7	100.2
Insurance	56.0	20.2
Rates and taxes (excluding taxes on income)	62.3	18.8
Advertisement	12.4	20.5
Foreign exchange (gain)/ loss (net)	3.8	4.9
Bad debts written off	66.2	131.9
Other balances written off	0.2	35.9
Allowance for/(Reversal of) expected credit loss	39.3	(27.5)
Bank charges	120.0	56.0
Royalty	-	8.2
Travelling and conveyance expenses	440.6	207.3
Commission to selling agents	32.7	12.3
Freight and octroi charges	433.6	139.9
Payment to auditors (refer note 36)	3.1	3.1
Legal and professional expenses	403.9	412.3
Labour charges	609.3	376.1
Printing, stationery and communication expenses	27.6	23.6
Rent	18.6	12.5
Hire Charges	259.3	258.8
Loss on sale/ discard of assets	-	4.5
Safety Services	65.4	59.9
Subscription	76.9	33.6
Expenditure towards Corporate Social Responsibility (refer note 45)	6.9	4.1
Miscellaneous expenses	47.5	43.7
	3,128.7	2,215.1



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

32 Leases

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, had notified Ind AS 116 - Leases which replaced the erstwhile standard and its interpretations. Ind AS 116 had outlined the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors thereby introducing a single, on-balance sheet lease accounting model for lessees.

A weighted average incremental borrowing rate on the basis of existing borrowings was considered as incremental borrowing rate. The incremental borrowing rate used was with in range of 10% - 11.30% depending on the amount involved and tenure of the lease agreement.

A. Right of use assets

Particulars	Buildings
Balance as at 1 April 2020	225.2
Add: Addition during the year	141.2
Less: Depreciation charged for the year	(26.1)
Balance as at 31 March 2021	340.3
Balance as at 1 April 2021	340.3
Add: Addition during the year	-
Less: Depreciation charged for the year	(51.2)
Balance as at 31 March 2022	291.4

B. Lease liabilities

Particulars	Buildings
Balance as at 1 April 2020	230.1
Add: Addition during the year	141.2
Add: Interest Accrued on Lease liability	34.9
Less: Cash outflows for leases	(37.6)
Balance as at 31 March 2021	368.6
Balance as at 1 April 2021	368.6
Add: Addition during the year	-
Add: Interest Accrued on Lease liability	39.5
Less: Cash outflows for leases	(66.3)
Balance as at 31 March 2022	341.8

Particulars	31-Mar-22	31-Mar-21
Current	32.3	26.8
Non Current	309.5	341.8
Total	341.8	368.6

C. Interest expenses on lease liabilities

Particulars	31-Mar-22	31-Mar-21
Interest on lease liabilities	39.5	34.9

D. Amounts recognised in the statement of cash flow

Particulars	31-Mar-22	31-Mar-21
Total cash outflow for leases	66.3	37.3

E. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	31-Mar-22	31-Mar-21
(a) Less than 1 year	68.7	66.3
(b) 1 to 5 years	278.6	298.0
(c) More than 5 years	153.5	202.7



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

33 Commitments and Contingencies:

Contingencies	As at March 31, 2022	As at March 31, 2021
Sales Tax / Value Added Tax:		
Claims against the Company where the Company has preferred appeals	28.5	28.5

Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is Rs. 58.2 Lakhs as at 31st March, 2022 (Rs. 11.76 lakhs, as at 31st March, 2021).

34 Earnings Per Share

Particulars	As at March 31, 2022	As at March 31, 2021
Profits attributable to equity shareholders	218.9	488.5
Basic Earnings Per Share		
Weighted average number of equity shares outstanding during the year	12,500,000	12,500,000
Basic EPS (Rs.)	1.8	3.9
Diluted Earnings Per Share		
Weighted average number of equity shares outstanding for diluted EPS	12,500,000	12,500,000
Diluted EPS (Rs.)	1.8	3.9

35 Disclosures pertaining to Micro and Small Enterprises (as per information available with the Company):

Particulars	As at March 31, 2022	As at March 31, 2021
Principal amount due	752.4	378.2
Interest paid to the supplier	-	-
Payment made to the supplier beyond the appointed day during the year	374.0	1,157.8
Interest due	34.9	31.8
Interest accrued and due	34.9	31.8
Interest due and payable till actual payment	34.9	31.8

36 Auditors' Remuneration

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditors:		
- Statutory audit	3.0	3.0
- Out of pocket expenses	0.1	0.1
	3.1	3.1



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

37 Post-employment benefit plans

A. Defined Contribution Plans

Contribution to Defined Contribution Plans, recognized as expense for the year is as under:

Particulars	Year ended March 31, 2022 INR	Year ended March 31, 2021 INR
Employer's Contribution to Provident Funds and other funds	102.9	72.4

The Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognized in the Statement of Profit and Loss.

B. Defined Benefit Plans

I. Gratuity

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of a service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. These benefits are funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the funded status and amounts recognized in balance sheet for the plan.

Net employee benefit expense on account of gratuity recognized in employee benefits expenses

Particulars	Year ended March 31, 2022 INR	Year ended March 31, 2021 INR
Current service cost	23.2	14.5
Net interest (income) / expense	(2.3)	0.2
Net benefit expense	25.5	14.4

Changes in the present value of the defined benefit obligation are as follows :

Particulars	As at 31 March 2022 INR	As at 31 March 2021 INR
Opening defined benefit obligation	152.8	124.2
Interest cost	8.8	6.7
Current service cost	23.3	14.5
Benefits paid	(33.4)	(22.7)
Re-measurement (gain)/ loss in other comprehensive income		
Experience (gain)/ loss on plan liabilities	2.3	33.1
Demographic (gain)/ loss on plan liabilities	(0.9)	3.0
Financial (gain)/ loss on plan liabilities	(8.4)	(6.0)
Closing defined benefit obligation	144.4	152.8

Changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2022 INR	As at 31 March 2021 INR
Opening fair value of plan assets	101.6	113.7
Interest Income	6.5	6.8
Contributions by employer	2.5	3.3
Benefits paid	(33.4)	(22.7)
Re-measurement gain / (loss) in other comprehensive income		
Experience gain / (loss) on plan assets	(2.8)	0.5
Financial gain / (loss) on plan assets	-	-
Closing fair value of plan assets	74.4	101.6

Amount recognized in the statement of other comprehensive income

Particulars	Year ended March 31, 2022 INR	Year ended March 31, 2021 INR
Experience (gain) / loss on plan liabilities	2.3	33.1
Demographic (gain) / loss on plan liabilities	(0.9)	3.0
Financial (gain) / loss on plan liabilities	(8.4)	(6.0)
Experience (gain) / loss on plan assets	2.8	(0.5)
Total Actuarial (gain)/loss included in Other Comprehensive Income	(4.1)	29.6



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
 (All amounts are in INR Lakhs, unless otherwise stated)

Net Defined Benefit Liability/Asset (net) at the end of the year

Particulars	As at 31 March 2022 INR	As at 31 March 2021 INR
Defined Benefit Obligation	144.4	152.8
Fair value of plan assets	74.4	101.6
Closing net defined benefit liability/(asset)	70.0	51.2

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Nature of plan assets	March 31, 2022	March 31, 2021
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Demographic Assumptions

Mortality: Mortality has been assumed to be Indian Assured Lives Mortality (2012-14) ultimate (IALM ult).

Disability: No explicit allowance has been made for disabilities.

Financial assumptions

Particulars	As at 31 March 2022 INR	As at 31 March 2021 INR
	%	%
Discount rate	6.9%	6.4%
Employee turnover	12.0%	10.0%
Expected rate of increment in compensation levels	5.0%	4.0%

A quantitative sensitivity analysis for significant assumption as at March 31, 2022 is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 March 2022		As at 31 March 2021	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(137.4)	152.3	(144.3)	162.3
Expected rate of increment in compensation levels	151.3	(138.1)	160.4	(145.7)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

The following is the maturity profile of defined benefit obligation (undiscounted):

Particulars	As at 31 March 2022 INR	As at 31 March 2021 INR
Within the next 12 months (next annual reporting period)	25.9	32.2
Between 2 and 5 years	68.7	62.1
Beyond 5 years	58.6	53.9

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	As at 31 March 2022 INR	As at 31 March 2021 INR
Within the next 12 months (next annual reporting period)	25.9	32.2
Total expected payments	25.9	32.2



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

38 Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies. The board regularly meets to decide its risk management activities. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is also assisted by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

The Company has exposure to the following risks arising from financial instruments:

- credit risk - see note (a) below
- liquidity risk - see note (b) below
- market risk - see note (c) below

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of IND AS 109, the Company uses expected credit loss model to assess impairment loss or gain. The company uses a matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and company's historical experience for customers.

The movement in the allowance for expected credit loss for trade receivables is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning	316.5	344.0
Amounts written off	-	-
Amounts written back	-	(27.5)
Allowance Created	39.3	-
Closing balance	355.8	316.5

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for liquidity and funding. In addition policies and procedures relating to such risks are overseen by the management.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

As at March 31, 2022 and March 31, 2021, the Company had a net working capital of Rs. 936.8 lakhs and Rs. 1073.5 lakhs respectively. The working capital of the Company for this purpose has been derived as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Total current assets (A)	9,330.0	5,862.7
Total current liabilities (B)	8,393.1	4,789.2
Working capital (A-B)	936.9	1,073.5

Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.

	As at March 31, 2022					
	Contractual cash flows					
	Carrying value	Less than 1 year	1-2 years	2-4 years	> 4 years	Total
Borrowings (non current plus current maturities)	1,827.0	1,339.1	288.8	199.0	-	1,827.0
Lease liabilities (current plus non current)	341.8	32.3	89.6	89.4	130.5	341.8
Trade payables	4,140.6	4,140.6	-	-	-	4,140.6
Other liabilities	399.5	399.5	-	-	-	399.5

	As at March 31, 2021					
	Contractual cash flows					
	Carrying value	Less than 1 year	1-2 years	2-4 years	> 4 years	Total
Borrowings	270.7	44.8	89.7	136.2	-	270.7
Lease liabilities	368.6	26.8	32.3	89.6	219.9	368.6
Trade payables	2,565.9	2,565.9	-	-	-	2,565.9
Other liabilities	124.7	124.7	-	-	-	124.7



RIECO INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

(All amounts are in INR Lakhs, unless otherwise stated)

(c) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's main interest rate risk arises from short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Sensitivity analysis

As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, a 25 bps change in interest rates has been considered. A 25 bps increase in interest rates would have led to approximately an additional Rs. 4.57 lakhs (2020-21 Rs. 0.88 Lakhs) finance cost in statement of profit and loss. A 25 bps decrease in interest rates would have led to an approximately equal but opposite effect.

Other risks

The fair value of these assets is marked to an active market which factors the uncertainties arising out of the COVID-19 pandemic. The Company has assessed the counterparty credit risk in connection with Cash and cash equivalents, bank deposits. Trade receivables is valued at considering provision for allowance under the expected credit loss method. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk considering emerging situations due to the COVID-19 pandemic. This assessment is based on the likelihood of the recoveries from the customers in the present situation. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of contract assets while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables is considered adequate.

Foreign currency exposure and sensitivity	As at 31st March 2022		As at 31st March 2021	
	USD denominated	EURO denominated	USD denominated	EURO denominated
	Amount given below are in Rs Lakhs		Amount given below are in Rs Lakhs	
Trade Receivables	48	-	118	-
Trade Payables	(2)	(72)	-	-
Total	46	(72)	118	-

Considering the quantum of foreign currency receivables and payables as compared to total receivables and payables, the company has not opted for hedging against currency fluctuations.

39 Capital management

The Company's capital comprises equity share capital, surplus in the statement of profit and loss and other equity attributable to equity holders.

The Company's objectives when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using net debt-equity ratio, which is net debt (i.e.Total Debt - Cash and Cash equivalents) divided by total equity. These ratios are illustrated below:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Total debt	1,827.0	270.7
Less: cash and cash equivalents	307.3	90.4
Net debt	1,519.7	180.3
Total equity	1,950.1	1,728.1
Debt-equity ratio	0.8	0.1



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

40 Fair value measurements

(a) Categories of financial instruments -

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVPL	FVOCI	Amortized cost	FVPL	FVOCI	Amortized cost
Financial assets						
Trade receivables	-	-	3,474.9	-	-	2,127.0
Cash and cash equivalents	-	-	307.3	-	-	90.4
Other financial assets	-	-	643.4	-	-	462.3
Total financial assets	-	-	4,425.6	-	-	2,679.7
Financial liabilities						
Borrowings (non current plus current maturities)	-	-	1,827.0	-	-	270.7
Lease liabilities (current plus non current)	-	-	341.8	-	-	368.5
Trade payables	-	-	4,140.6	-	-	2,565.9
Other liabilities (other than current maturities of long term borrowing)	-	-	399.5	-	-	124.7
Total financial liabilities	-	-	6,708.9	-	-	3,329.8

(b) Fair value hierarchy:

As per Ind AS 107 "Financial Instrument: Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. As illustrated above, all financial instruments of the company are valued at amortized cost which approximates the fair value.

(c) Valuation technique used to determine fair value

Borrowings -Discounted cash flow: The valuation model considers the present value of expected payment, discounted using risk adjusted discount rate.



RIECO INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

(All amounts are in INR Lakhs, unless otherwise stated)

41 Income tax expense

This note provides an analysis of Company's income tax expense, shows amounts that are recognized directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to Company's tax positions.

(a) Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Income tax expense		
Current Tax		
Current tax on profits for the year	144.6	-
Total current tax expense	144.6	-
Deferred tax		
Decrease / (increase) in deferred tax assets	(76.4)	108.6
(Decrease) / increase in deferred tax liabilities	5.4	6.1
Total deferred tax expense / (benefit)	(71.0)	114.7
Income tax expense	73.6	114.7

(b) Reconciliation of tax expense and the accounting profit multiplied by statutory tax rate in India:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before taxes	292.5	603.2
Enacted income tax rate in India	25.2	25.2
Computed expected tax expense	73.6	151.8
Decrease in tax liability due to adjustment pertaining to previous years	-	(51.0)
Others	-	13.9
Actual tax expense	73.6	114.7



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED March 31, 2022
 (All amounts in INR Lakhs, unless otherwise stated)

42 Related Party Disclosures

(a) List of Related Parties and description of relationship:

Holding Company:

Sudarshan Chemicals Industries Limited

Key Management Personnel :

Mr. Dara Damania (Chairman)

Mr. P R Rathi (Director)

Mr. N J Rathi (Director)

Mr. R B Rathi (Director)

Mr. S Padmanabhan (Director)

Mr. V R Bhatia (Managing Director)

Mr. Mandar Velankar (Company Secretary)

Ms. Medha Gokhale (CFO)

Mr Mahesh Patil (Whole-time Director w.e.f 30th July, 2021)

Mr Baidyanath Mishra (Acting CFO w.e.f 29 January 2020 to 18 October 2020)

(b) Related party transactions:

Sr. no	Nature of Transaction	For the year ended March 31, 2022			For the year ended March 31, 2021		
		Key Management Personnel	Holding Company	Other related parties	Key Management Personnel	Holding Company	Other related parties
1	Remuneration to Managing Director (a) Vikas Bhatia	111.0	-	-	114.6	-	-
2	Remuneration to Whole-time Directors Mahesh Patil	28.8	-	-	-	-	-
2	Remuneration to other KMP (a) Medha Gokhale (b) Baidyanath Mishra	19.1 -	- -	-	9.5 7.5	- -	-
3	Sitting Fees paid to Directors (a) Pradeep R Rathi (b) Rajesh Rathi (c) Narayan J Rathi (d) Dara Damania (e) S Padmanabhan	1.4 0.4 2.8 3.2 3.2	- - - - -	-	0.8 0.2 2.0 2.2 2.2	- - - - -	-
4	Sale of Goods	-	300.2	-	-	261.8	-
5	Corporate Guarantee Charges	-	13.9	-	-	19.4	-
6	Reimbursement of expenses	-	50.1	-	-	16.8	-
7	Car rent income	-	10.8	-	-	10.8	-

(c) Balance outstanding at year end :

Sr. no	Particulars	As at March 31, 2022	As at March 31, 2021
1	Key Managerial Personnel		
	- Remuneration payable	6.9	30.0
2	Holding Company		
	- Receivable for sale of goods	11.8	83.9
	- Rent Income receivable	1.0	10.8
	- Financial guarantee charges payable	8.0	18.2



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED March 31, 2022
 (All amounts in INR Lakhs, unless otherwise stated)

43 Operating Segments :

A. Basis for segmentation

An operating segment is a segment of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other segments and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director to make decisions about resources to be allocated to the segments and assess their performance.

The Company has three reportable segments as described below, which are the Company's strategic business units:

- (i) Clean Air solution ("CAS") earlier known as, Air Pollution Controls Equipment ("APC")
- (ii) Grinding Solution ("GS") earlier known as, Size Reduction Equipment ("SRE")
- (iii) Conveying Solution ("CS") earlier known as, Pneumatic handling systems ("PHS")

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate. For each of the business units, the Company's Chief Operating Decision Maker reviews internal management reports on a monthly basis.

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Year ended 31 st March, 2022					Year ended 31 st March, 2021			
	CAS (APC)	GS (SRE)	CS (PHS)	Others	Total	CAS (APC)	GS (SRE)	CS (PHS)	Total
	(1)	(2)	(3)	(4)	(1 + 2 + 3 + 4)	(1)	(2)	(3)	(1 + 2 + 3)
Segment Revenue									
(a) Revenues domestic	6,549.6	6,814.3	3,866.3	81.4	17,311.6	3,976.2	3,981.7	1,958.6	9,916.5
(b) Revenues export	641.8	141.2	58.4	-	841.4	494.5	888.1	41.4	1,424.0
Total segment revenue - external	7,191.4	6,955.4	3,924.7	81.4	18,152.9	4,470.8	4,869.8	1,999.9	11,340.5
Segment Results									
Profit before tax and finance cost from segment	99.9	68.2	327.0	(65.2)	429.9	121.0	353.7	250.5	725.2
Less: Finance costs (net)	54.4	52.3	30.1	0.6	137.4	-	-	-	122.0
Profit from ordinary activities after finance cost but before tax	45.5	15.9	296.9	(65.8)	292.5	121.0	353.7	250.5	603.2
Tax expense					73.6				114.7
Profit from continuing operations after tax					218.9				488.5
Segment Assets	4,389.4	4,245.4	2,395.5	49.7	11,079.9	3,879.4	2,116.1	1,058.0	7,053.5
Segment Liabilities	2,980.8	2,883.0	1,626.8	33.7	7,524.4	2,862.9	1,561.6	780.8	5,205.3
Net Assets	1,408.6	1,362.3	768.7	15.9	3,555.5	1,016.5	554.4	277.2	1,848.2
Capital Expenditure during the year	201.4	201.4	100.7	-	503.6	141.2	141.2	70.6	352.9
Non Cash expenditure related to the segment	80.6	80.6	40.3	-	201.4	42.2	42.2	21.1	105.5

C. Reconciliations of information on reportable segments to Ind AS measures

	Year ended March 31, 2022	Year ended March 31, 2021
i. Assets		
Total assets for reportable segments	11,079.9	7,053.5
Deferred Tax Asset	221.6	150.6
Total Assets	11,301.5	7,204.1
ii. Liabilities		
Total liabilities for reportable segments	7,524.4	5,205.3
Equity	1,950.1	1,728.1
General Borrowings	1,827.0	270.7
Total Equity and Liabilities	11,301.5	7,204.1

D. Geographical Information

	Year ended 31st March, 2022	Year ended 31st March, 2021
i. Segment Revenue by location of customers		
In India	17,311.6	9,916.5
Outside India	841.4	1,424.0
	18,152.9	11,340.5
ii. Non-current operating assets by location of assets		
There no non-current assets located outside India.		

E. During the financial year 2021-22, as well as the previous year 2020-21, there was no single customer exceeding 10% of revenue.



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED March 31, 2022
(All amounts in INR Lakhs, unless otherwise stated)

44 Disclosure pursuant to Ind AS 115

(a) Revenue streams

The Company earns revenue primarily from manufacture and sale of pollution control equipment, size reduction equipment and pneumatic conveying systems. The equipment are customized based on specific customer requirements. (Refer note 43)

(b) By location

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Domestic	17,311.6	9,916.5
Exports	841.4	1,424.0
	18,152.9	11,340.5

The Company has evaluated the impact of the COVID-19 pandemic, amongst other matters, resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts, (ii) termination or deferment of contracts by customers and (iii) customer disputes. The Company has concluded that the impact of the COVID-19 pandemic is not material based on these estimates.

(c) Contract Balances

Contract assets and contract liabilities are included within "Other current assets" and "Other current liabilities" respectively. Majority of the contracts entered into by the Company consist of performance obligations satisfied over a period of time. Contract assets and liabilities arise from these contracts on account of the difference between revenue recognized on the contract and the invoicing to the customers based on agreed supply and billing schedule.

There was no impairment of any contract asset during the period.

Changes in the contract assets are as follows :-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance as at the beginning of the year	1,178.6	399.7
Revenue recognized during the year	17,692.5	11,124.9
Invoices raised during the year	(16,672.7)	(10,346.0)
Balance as at the end of the year	2,198.4	1,178.6

Changes in the contract liabilities/deferred revenue are as follows :-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance as at the beginning of the year	330.3	541.3
Revenue recognized that was included in the deferred revenue at the beginning of the year	(329.2)	(452.4)
Increase due to invoicing during the year, excluding amounts recognized as revenue during the year	38.1	241.4
Balance as at the end of the year	39.2	330.3

- (d) The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations as on 31st March 2022 is Rs. 2,668 lakhs (31st March 2021: Rs. 3,943.9 lakhs) and is expected to be recognized as revenue in the next year.

45 Corporate social responsibility expenditure

Pursuant to the Companies Act 2013, Corporate Social Responsibility (CSR) committee has been formed on January 22, 2021 to undertake CSR projects, pursuant to which company has spent 5.00 lakhs on Mission Vayu for relief during Covid. The Company is required to spend Rs. 6.9 Lakhs during the year (March 31, 2021 - Rs 4.1) based on 2% of the average net profits of the preceding three years, for the financial year ended March 31, 2022. The Company has spent Rs. 5.0 Lakhs on CSR activities during the year based on 2% of the average net profits of the preceding three years against the requirement of Rs. 6.9 Lakhs for the year ended March 31, 2022. The balance amount of Rs. 1.9 lakhs has been provided for in the statement of profit and loss for the year. Rs. 1.9 lakhs has been subsequently deposited in accordance with the rule. Details are as follows:

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(i) Construction / acquisition of any asset	-	-
(ii) On the purpose other than (i) above	5.0	4.1
(iii) Amount not spent	1.9	-



RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

46 Additional regulatory information

- (a) The title deeds of all the immovable properties are held in the name of the Company.
- (b) The Company has not revalued its Property, Plant and Equipment or Intangible Assets during financial years FY22 and FY21.
- (c) There are no Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally
- (d) The Company do not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and therules made thereunder.
- (e) The Company is not a declared wilful defaulter by any bank or financial Institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. The Company has been paying the due instalments on time and has not defaulted on any instalments.
- (f) The Company do not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (g) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- h) There is no such transaction which is not recorded in the books of accounts and that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- i) The Company has not traded or invested in crypto currency or virtual Currency during the financial year.



47 RATIOS BASED ON FINANCIAL STATEMENTS

	As At 31 st March, 2022	As At 31 st March, 2021	Change	Comments
a) Current Ratio (Current assets/ Current liabilities)	1.11	1.22	-9%	
b) Debt-Equity Ratio (Total borrowings/ Equity (Share capital+reserves))	0.94	0.16	498%	The total borrowings have increased in the current year due to increased working capital requirement for higher volumes.
c) Debt Service Coverage Ratio (Net operating income/ Current debt obligations) (Net operating income is Profit before tax + Interest + Depreciation - Other Income) (Current debt obligations is current maturity of long term debts and interest payment)	1.89	14.88	-87%	The increased volume of business has led to increased borrowing to fund working capital requirements. However, the net operating income was lower due to a drop in margins as well as increased fixed costs.
d) Return on Equity Ratio (Profit after tax/ Equity)	0.11	0.27	-58%	The return on equity has reduced due to the drop in earnings as compared to the previous year.
e) Inventory turnover ratio (Cost of good sold/ Inventory)	6.07	5.56	9%	
f) Trade Receivables turnover ratio (Sale of goods/ Trade receivables)	5.22	5.32	-2%	
g) Trade payables turnover ratio (Purchase of goods/ Trade payable)	3.09	2.51	23%	
h) Net capital turnover ratio (Sale of goods/ Working capital)	19.47	10.72	82%	The net capital turnover ratio has improved due to higher volumes achieved, with marginal increase in working capital.
i) Net profit ratio (Net profit/ Revenue)	1%	4%	-72%	The net profit for the year was lower due to the drop in margins due to increased material prices and competition, as well as the increased fixed costs.
j) Return on Capital employed (Earning before interest and taxes "EBIT"/ Capital Employed) (Capital Employed is Equity + Total Debts)	11%	36%	-69%	The ROCE has reduced due to the drop in profit margins as well as in increased borrowings at the end of the year.

As per our report of even date.

For B S R & Associates LLP
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

RAAJNISH DESAI
Partner
Membership No.: 101190
Pune
Date : 25 May 2022

For and on behalf of the Board of

VIKAS. R. BHATIA
Managing Director
DIN :01056616

MEDHA GOKHALE
Chief Financial Officer
Pune
Date : 25 May 2022

S. PADMANABHAN
Director
DIN :00001207

MANDAR M. VELANKAR
Company Secretary
Pune
Date : 25 May 2022

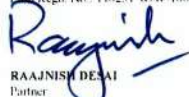
RIECO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED March 31, 2022
(All amounts in INR Lakhs, unless otherwise stated)

47 RATIOS BASED ON FINANCIAL STATEMENTS

	As At 31 st March, 2022	As At 31 st March, 2021	Change	Comments
a) Current Ratio (Current assets/ Current liabilities)	1.11	1.22	-9%	
b) Debt-Equity Ratio (Total borrowings/ Equity (Share capital+reserves))	0.94	0.16	-498%	The total borrowings have increased in the current year due to increased working capital requirement for higher volumes.
c) Debt Service Coverage Ratio (Net operating income/ Current debt obligations) (Net operating income is Profit before tax + Interest + Depreciation + Other Income) (Current debt obligations is current maturity of long term debts and interest payment)	1.89	14.88	-87%	The increased volume of business has led to increased borrowing to fund working capital requirements. However, the net operating income was lower due to a drop in margins as well as increased fixed costs.
d) Return on Equity Ratio (Profit after tax/ Equity)	0.11	0.27	-58%	The return on equity has reduced due to the drop in earnings as compared to the previous year.
e) Inventory turnover ratio (Cost of goods sold/ Inventory)	6.07	5.56	9%	
f) Trade Receivables turnover ratio (Sale of goods/ Trade receivables)	5.22	5.32	-2%	
g) Trade payables turnover ratio (Purchase of goods/ Trade payable)	3.09	2.51	23%	
h) Net capital turnover ratio (Sale of goods/ Working capital)	19.47	10.72	82%	The net capital turnover ratio has improved due to higher volumes achieved, with marginal increase in working capital.
i) Net profit ratio (Net profit/ Revenue)	1%	4%	-72%	The net profit for the year was lower due to the drop in margins due to increased material prices and competition, as well as the increased fixed costs.
j) Return on Capital employed (Earning before interest and taxes "EBIT"/ Capital Employed) (Capital Employed is Equity + Total Debts)	11%	36%	-69%	The ROCE has reduced due to the drop in profit margins as well as in increased borrowings at the end of the year.

As per our report of even date:

For B S R & Associates LLP
Chartered Accountants
Firm Regn. No.: 116231 W/A-100024


RAAJNISH DESAI
Partner
Membership No.: 101190
Pune
Date: 25 May 2022

For and on behalf of the Board of

VIKAS. R. BHATIA
Managing Director
DIN: 01056616

MEDHA
Chief Financial Officer
Pune
Date: 25 May 2022

S. PADMANABHAN
Director
DIN: 00001207

MANDAR. M. VELANKAR
Company Secretary
Pune
Date: 25 May 2022