

**INDEPENDENT AUDITORS' REPORT**

**To the Members of Rado Tyres Limited**  
**Report on the Audit of Standalone Financial Statements**

**Opinion**

We have audited the standalone financial statements of Rado Tyres Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash flows for the year then ended and the notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its loss and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Emphasis of Matters**

We draw attention to:

- a. Note 2.1 of the financial statements wherein it is stated that the factory operations have been suspended. Consequently, the Board of Directors, at their meeting held on 20th November, 2018, decided to explore the options to dispose of the assets of the Company and to invite quotations from prospective buyers. On account of these decisions, the Ind AS financial statements have been prepared assuming the Company will not continue as a Going Concern. Consequently assets are stated at the cost or net realizable value whichever is lower. Liabilities have been stated at the values which they are payable. Further, all assets which are available for sale have been reclassified under Non-Current Assets Held For Sale.
- b. Note 2.2 of the financial statements which describe the impact of the outbreak of COVID-19 on the Company. It is stated that "the Board is not in a position to ascertain the possible impact on the market values of the assets held for sale in the prevailing uncertain market scenario, the management feels that it is unlikely to have a significant impact on the valuation of the assets and its ability to sell off these assets at prices which are higher than that stated in the financial statements."

While conducting our review we have considered the adequacy of the disclosures in this regard made in the notes to the financial statements.

Our opinion is not modified in respect of these matters.

**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 standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 the fact. We have nothing to report in this regard.





## **Management's responsibility for the standalone financial statements**

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.





# G. JOSEPH & ASSOCIATES

## Chartered Accountants

- 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

- A. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- B. As required by Section 143 (3) of the Act, we report that:
- 1 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.
  - 2 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.
  - 3 The company does not have any branches and so the provisions of section 143(8) are not applicable to the company.
  - 4 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.
  - 5 In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - 6 On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - 7 With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- C. With respect to the matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
- 1 The Company does not have any pending litigations which would impact its financial position;
  - 2 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - 3 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - 4 The disclosure in the standalone financial statements regarding holding as well as dealing in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31st March, 2020.
- D. In our Opinion and according to the information and explanations given to us, the remunerations paid by the company to its directors during the current year is in accordance with the provisions and is not in excess of limit laid down in section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

UDIN: 20233286AAAABM6756

Place: Ernakulam  
Date: 15.05.2020

For G Joseph & Associates  
Chartered Accountants  
Firm Reg. No. 006310S



Raphael Sharon  
Partner  
233286



**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT IN TERMS OF SECTION 143(11) OF THE COMPANIES ACT, 2013**

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals ; no material discrepancies were noticed on such verification.
- c. As per the information and explanations provided to us, title deeds of immovable properties are held in the name of the company.
- (ii) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. In our opinion and on the basis of examination of the records, no material discrepancies were noticed on physical verification of inventory by the management as compared to the book records.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act. Consequently , the provisions of clauses 3(iii)(a) to 3(iii)(e) 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 the books of account, the Company has not provided any loans, guarantees, securities to parties covered under section 185 and 186. Also, none of the investments by the Company attract the provisions of section 186 of the Act.
- (v) The Company has not accepted any deposit from public within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed thereunder.
- (vi) The provisions regarding maintenance of cost records under sub-section (1) of section 148 of the Companies Act are not applicable to the company.
- (vii) (a) According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the informations and explanations given to us there were no statutory dues on the last day of the financial year outstanding 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, there are no amounts payable in respect of statutory dues which have not been deposited on account of any disputes.
- (viii) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- (ix) Based on our audit procedures and on the information given by the management, we report that the Company has not raised any moneys by way of initial or further public offer or any term loans during the year.
- (x) Based on the audit procedures performed and the information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.





# G. JOSEPH & ASSOCIATES

## Chartered Accountants

- (xi) The managerial remuneration paid is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of Act.
- (xii) The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (Xii) of the Order is not applicable to the Company.
- (xiii) All transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been suitably disclosed in the Financial Statements as required by the accounting standards.
- (xiv) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) Based on the audit procedures performed and the information and explanation given to us, we report that the company has not entered into any non-cash transactions with its directors/director of the company or associate company/a person connected with the Director during the year.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

UDIN: 20233286AAAABM6756

Place: Ernakulam  
Date : 15.05.2020

For G Joseph & Associates  
Chartered Accountants  
Firm Reg. No. 006310S



Raphael Sharon  
Partner  
233286



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RADO TYRES LIMITED**

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

We have audited the internal financial controls over financial reporting of Rado Tyres Limited ("the Company") as of 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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





**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

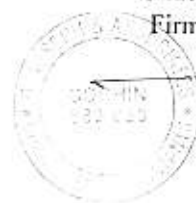
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.


UDIN: 20233286AAAABM6756

Place: Ernakulam

Date : 15.05.2020

For G Joseph & Associates  
Chartered Accountants  
Firm Reg. No. 006310S



  
**Raphael Sharon**  
Partner  
233286



**RADO TYRES LIMITED**

[BLDG NO. 39/3B &amp; 39/3B1, OPP. KRISHNA HOSPITAL, CHITTOOR ROAD, COCHIN-682011]

**BALANCE SHEET AS AT 31st MARCH 2020**

(All amount are Indian rupees, except share data and where otherwise stated)

| Particulars                                      | Notes | As at 31st March 2020<br>Rs. | As at 31st March 2019<br>Rs. |
|--|-------|------------------------------|------------------------------|
| <b>Assets</b>                                    |       |                              |                              |
| <b>Non-current assets</b>                        |       |                              |                              |
| Property, plant and equipment                    | 3     | 8,385                        | 14,985                       |
| Capital work-in-progress                         | 3     | -                            | -                            |
| Intangible assets                                |       | -                            | -                            |
| <b>Financial Assets:</b>                         |       |                              |                              |
| Non-current Investments                          | 4     | 25,000                       | 25,000                       |
| Long term loans and advances                     | 5     | 128,832                      | 2,575,672                    |
| Other non-current financial assets               | 6     | 754,649                      | 1,134,879                    |
| Other non-current assets                         | 7     | -                            | -                            |
| <b>Total Non-current assets</b>                  |       | <b>916,866</b>               | <b>3,750,536</b>             |
| <b>Current assets</b>                            |       |                              |                              |
| Inventories                                      | 8     | 169,545                      | 182,177                      |
| <b>Financial Assets:</b>                         |       |                              |                              |
| Trade and other receivables                      | 9     | -                            | 96,672                       |
| Cash and cash equivalents                        | 10    | 2,126,284                    | 1,839,552                    |
| Short term loans and advances                    | 11    | 1,939,269                    | 1,643,142                    |
| Other current financial assets                   | 12    | 258,156                      | 743,386                      |
| Prepayments                                      | 13    | 16,720                       | 12,255                       |
| Other current assets                             | 14    | 24,535                       | 33,893                       |
| <b>Total Current assets</b>                      |       | <b>4,534,510</b>             | <b>4,551,077</b>             |
| Non-current asset held for sale                  | 15    | 47,500,401                   | 47,500,401                   |
| <b>Total Assets</b>                              |       | <b>52,951,777</b>            | <b>55,802,014</b>            |
| <b>Equity and liabilities</b>                    |       |                              |                              |
| <b>Equity</b>                                    |       |                              |                              |
| Equity Share Capital                             | 16    | 64,316,200                   | 64,316,200                   |
| Other Equity                                     | 17    |                              |                              |
| Retained earnings                                |       | (164,688,381)                | (161,833,703)                |
| Reserves representing unrealised gains / losses  |       | -                            | -                            |
| Other Reserves                                   |       | 1,318,432                    | 1,318,432                    |
| <b>Total Equity</b>                              |       | <b>(99,053,749)</b>          | <b>(96,199,071)</b>          |
| <b>Share application money pending allotment</b> |       | -                            | -                            |
| <b>Non-current liabilities</b>                   |       |                              |                              |
| Financial Liabilities                            |       |                              |                              |
| Long term borrowings                             | 18    | 151,000,000                  | 151,000,000                  |
| <b>Total non-current liabilities</b>             |       | <b>151,000,000</b>           | <b>151,000,000</b>           |
| <b>Current liabilities</b>                       |       |                              |                              |
| Financial Liabilities                            |       |                              |                              |
| Trade and other payables                         | 19    | 813,614                      | 795,810                      |
| Other current financial liabilities              | 20    | 140,686                      | 140,686                      |
| Other current liabilities                        | 21    | 51,226                       | 64,589                       |
| <b>Total current liabilities</b>                 |       | <b>1,005,526</b>             | <b>1,001,085</b>             |
| <b>Total equity and liabilities</b>              |       | <b>52,951,777</b>            | <b>55,802,014</b>            |

Significant Accounting Policies and notes on Accounts 1-34

The notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For and on behalf of Board of Directors of Rado Tyres Limited Limitedd

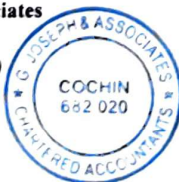
For G. Joseph &amp; Associates

Chartered Accountants

(Firm Reg. No. 006310S)

Raphael Sharon  
Partner

M.No:233286

John M John  
Director  
DIN:584201Sanjay Bhatia  
CFOP. A. Krishnamoorthy  
Director  
DIN:2432816Geeta Bandekar  
Company SecretaryKamlesh R. Talekar  
ManagerDate : May 15, 2020  
Place: Ernakulam



**RADO TYRES LIMITED**

[BLDG NO. 39/3B &amp; 39/3B1, OPP. KRISHNA HOSPITAL, CHITTOOR ROAD, COCHIN-682011]

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020**

(All amount are Indian rupees, except share data and where otherwise stated)

| Particulars  | Notes | For the year ended on<br>March 31st, 2020<br>Rs. | For the year ended on<br>31st March 2019<br>Rs. |
|--|-------|--|---|
| Revenue from operations  | 22    | -  | -   |
| Other Income   | 23    | 259,947  | 1,430,337                                       |
| <b>Total Revenue</b>   |       | <b>259,947</b>                                   | <b>1,430,337</b>                                |
| <b>Expenses:</b>   |       |  |   |
| Conversion / Job Work Expenses   | 24    | -  | -   |
| Employee benefit expense   | 25    | 36   | 600,034   |
| Finance costs  | 26    | -  | -   |
| Depreciation and amortization expense  | 27    | 6,600  | 7,235,432                                       |
| Impairment loss/write off on non current assets held for sale  | 28    | -  | 74,290  |
| Other expenses   | 29    | 3,107,989  | 8,231,522                                       |
| <b>Total Expenses</b>  |       | <b>3,114,625</b>                                 | <b>16,141,278</b>                               |
| (Loss) before exceptional items and tax  |       | <b>(2,854,678)</b>                               | <b>(14,710,941)</b>                             |
| Exceptional items  | 31    | -  | -   |
| (Loss) before tax  |       | <b>(2,854,678)</b>                               | <b>(14,710,941)</b>                             |
| <b>Tax expense:</b>  |       |  |   |
| Current tax  |       | -  | -   |
| Deferred tax   |       | -  | -   |
| (Loss) for the period  |       | <b>(2,854,678)</b>                               | <b>(14,710,941)</b>                             |
| <b>Other Comprehensive Income</b>  |       |  |   |
| Items that will not be reclassified to profit or loss  |       | -  | -   |
| Actuarial gain/ (losses) for Gratuity  |       | -  | -   |
| <b>Total Comprehensive Income for the period (Comprising (Loss) and Other Comprehensive Income for the period)</b> |       | <b>(2,854,678)</b>                               | <b>(14,710,941)</b>                             |
| <b>Earnings per equity share :</b>   | 30    |  |   |
| Basic  |       | (0.18)   | (0.91)  |
| Diluted  |       | (0.18)   | (0.91)  |

Significant Accounting Policies and notes on Accounts 1-34

The notes referred to above form an integral part of the Financial Statements.

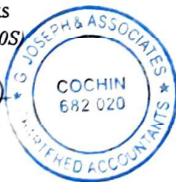
As per our report of even date

For G. Joseph &amp; Associates

Chartered Accountants

(Firm Reg. No.006310S)

**Raphael Sharon**  
Partner  
M.No:233286



Date : May 15, 2020  
Place: Ernakulam

For and on behalf of Board of Directors of Rado Tyres Limited

**John M John**  
Director  
DIN:584201

**P. A. Krishnamoorthy**  
Director  
DIN:2432816

**Sanjay Bhatia**  
CFO

**Geeta Bandekar**  
Company Secretary

**Kamlesh R. Talekar**  
Manager



**RADO TYRES LIMITED**

[BLDG NO. 39/3B &amp; 39/3B1, OPP. KRISHNA HOSPITAL, CHITTOOR ROAD, COCHIN-682011]

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020**

(All amounts are Indian rupees, except share data and where otherwise stated)

| Particulars   | For the year ended on<br>March 31st, 2020 | For the year ended on<br>31st March 2019 |
|---|---|--|
| <b>Cash flows from operating activities</b>                           |   |  |
| Loss before taxation  | (2,854,678)                               | (14,710,942)                             |
| Adjustments:  |   |  |
| Depreciation and amortisation   | 6,600                                     | 7,235,433                                |
| Impairment loss/write off of non current assets held for sale         | -   | 74,290                                   |
| Interest income   | (259,947)                                 | (1,157,374)                              |
| Writedown of consumable stores and spares                             | -   | 3,233,356                                |
| Accounts written off  | -   | -  |
| Provision no-longer required written-back                             | -   | -  |
| Operating cash flows before working capital changes                   | (3,108,025)                               | (5,325,237)                              |
| (Increase)/decrease in trade receivables                              | 96,672                                    | 197,421                                  |
| (Increase)/decrease in inventories                                    | 12,632                                    | -  |
| (Increase)/decrease in loans and advances                             | 2,640,835                                 | 3,725,016                                |
| Increase/(decrease) in liabilities and provisions                     | 4,441                                     | (575,783)                                |
| Cash from operations  | (353,444)                                 | (1,978,584)                              |
| <b>Net cash from operating activities (A)</b>                         | <b>(353,444)</b>                          | <b>(1,978,584)</b>                       |
| <b>Cash flows from investing activities</b>                           |   |  |
| Purchase of fixed assets  | -   | -  |
| Proceeds from sale of fixed assets, net                               | -   | -  |
| Withdrawal of Margin Money Deposit                                    | 380,230                                   | -  |
| Interest received   | 259,947                                   | 1,157,374                                |
| <b>Net cash used in investing activities (B)</b>                      | <b>640,177</b>                            | <b>1,157,374</b>                         |
| <b>Cash flows from financing activities</b>                           |   |  |
| 12.5% Redeemable Cumulative Preference Shares                         | -   | -  |
| Repayment of borrowings, net  | -   | -  |
| Interest paid   | -   | -  |
| <b>Net cash used in financing activities (C)</b>                      | <b>-</b>                                  | <b>-</b>                                 |
| <b>Net increase/(Decrease) in cash and cash equivalents (A+B+C)</b>   | <b>286,733</b>                            | <b>(821,210)</b>                         |
| Cash and cash equivalents at beginning of period                      | 1,839,552                                 | 2,660,762                                |
| <b>Cash and cash equivalents at end of the period (refer note 10)</b> | <b>2,126,285</b>                          | <b>1,839,552</b>                         |

Significant Accounting Policies and Notes on Accounts

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The notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For C. Joseph &amp; Associates

Chartered Accountants

(Firm Reg. No. 006310S)

Raphael Sharon

Partner

M.No:233286



For and on behalf of Board of Directors of Rado Tyres Limited

John M John

Director

DIN:584201

P. A. Krishnamoorthy

Director

DIN:2432816

Sanjay Bhatia  
CFOGeeta Bandekar  
Company SecretaryKamlesh R. Talekar  
Manager

Date : May 15, 2020

Place: Ernakulam



**Statement of changes in equity for Year ended 31st March, 2020**

*(All amount are Indian rupees, except share data and where otherwise stated)*

| Particulars                       | Issued & fully paid up capital | Share premium | Other capital reserves | Retained earnings     | Cash flow hedge reserve | Available for sale reserve | Foreign currency translation reserve | Asset revaluation reserve | Total                |
|-----------------------------------|--------------------------------|---------------|------------------------|-----------------------|-------------------------|----------------------------|--------------------------------------|---------------------------|----------------------|
| <b>As at 1 April 2019</b>         | 6,43,16,200                    | -             | 13,18,432              | (16,18,33,703)        | -                       | -                          | -                                    | -                         | (9,61,99,071)        |
| Loss for the period               | -                              | -             | -                      | (28,54,678)           | -                       | -                          | -                                    | -                         | (28,54,678)          |
| Other comprehensive income        | -                              | -             | -                      | -                     | -                       | -                          | -                                    | -                         | -                    |
| <b>Total comprehensive income</b> | 6,43,16,200                    | -             | 13,18,432              | (16,46,88,381)        | -                       | -                          | -                                    | -                         | (9,90,53,749)        |
| Issue of share capital            | -                              | -             | -                      | -                     | -                       | -                          | -                                    | -                         | -                    |
| Share-based payments              | -                              | -             | -                      | -                     | -                       | -                          | -                                    | -                         | -                    |
| <b>As at 31st March 2020</b>      | <b>6,43,16,200</b>             | <b>-</b>      | <b>13,18,432</b>       | <b>(16,46,88,381)</b> | <b>-</b>                | <b>-</b>                   | <b>-</b>                             | <b>-</b>                  | <b>(9,90,53,749)</b> |

**Statement of changes in equity for the Year ended 31st March, 2019**

*(All amount are Indian rupees, except share data and where otherwise stated)*

| Particulars                       | Issued & fully paid up capital | Share premium | Other capital reserves | Retained earnings     | Cash flow hedge reserve | Available for sale reserve | Foreign currency translation reserve | Asset revaluation reserve | Total                |
|-----------------------------------|--------------------------------|---------------|------------------------|-----------------------|-------------------------|----------------------------|--------------------------------------|---------------------------|----------------------|
| <b>As at 1 April 2018</b>         | 6,43,16,200                    | -             | 13,18,432              | (14,71,22,761)        | -                       | -                          | -                                    | -                         | (8,14,88,129)        |
| Loss for the period               | -                              | -             | -                      | (1,47,10,942)         | -                       | -                          | -                                    | -                         | (1,47,10,942)        |
| Other comprehensive income        | -                              | -             | -                      | -                     | -                       | -                          | -                                    | -                         | -                    |
| <b>Total comprehensive income</b> | 6,43,16,200                    | -             | 13,18,432              | (16,18,33,703)        | -                       | -                          | -                                    | -                         | (9,61,99,071)        |
| Issue of share capital            | -                              | -             | -                      | -                     | -                       | -                          | -                                    | -                         | -                    |
| Share-based payments              | -                              | -             | -                      | -                     | -                       | -                          | -                                    | -                         | -                    |
| <b>As at 31st March, 2019</b>     | <b>6,43,16,200</b>             | <b>-</b>      | <b>13,18,432</b>       | <b>(16,18,33,703)</b> | <b>-</b>                | <b>-</b>                   | <b>-</b>                             | <b>-</b>                  | <b>(9,61,99,071)</b> |



**RADO TYRES LIMITED**

[BLDG NO. 39/3B & 39/3B1, OPP. KRISHNA HOSPITAL, CHITTOOR ROAD, COCHIN-682011]

**NOTES FORMING PART TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020****1. CORPORATE INFORMATION**

Rado Tyres Limited is a public company incorporated in India under the provisions of the Companies Act. The Company was engaged in the business of an Automobile Tyre manufacturing based at Nellikuzhy near Kothamangalam.

As of 31<sup>st</sup> March 2020, CEAT Limited holding 58.6%, Instant Holding Ltd holding 17% and Swallow Associates LLP (formerly RPG Cellular Investments & Holdings Pvt Ltd) holding 9.6% of Company's equity share capitals are the major Shareholders. The Registered office of Company is situated at Cochin, Kerala.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****1. Basis of accounting and preparation of financial statements:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Board of Directors had taken all possible initiatives to revive the operations of the factory. Taking into account the Company's financial strain coupled with the technological advancement for the manufacture of 2/3 wheeler tyres, the Board had to come to the conclusion that it will not be viable to continue the business of manufacture of tyres in the Company's manufacturing facility located in Kothamangalam.

Consequent to suspension of the factory operations, the Board of Directors, at their meeting held on 20th November, 2018, decided to explore the options to dispose of the assets of the Company and to invite quotations from prospective buyers.

Accordingly, the financial statements have been prepared assuming the Company will not continue as a Going Concern. Consequently assets are stated at the cost or net realizable value whichever is lower. Liabilities have been stated at the values which they are payable.

Further, all assets which are available for sale have been reclassified under Non-Current Assets Held For Sale.

**2. Impact of the outbreak of COVID-19 on financial statements**

The outbreak of COVID -19 pandemic is causing significant disturbance and slowdown of economic activity. Though, the Board is not in a position to ascertain the possible impact on the market values of the assets held for sale in the prevailing uncertain market scenario, the management feels that it is unlikely to have a significant impact on the valuation of the assets and its ability to sell off these assets at prices which are higher than that stated in the financial statements.



### 3. **Current versus non-current classification:**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 4. **Revenue recognition:**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred.

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### 5. **Accounting for Government grants:**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an



expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

## **6. Taxes**

### **Current income tax:**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business



combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## **7. Non-current assets held for sale**

The Company classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required for completing the sale/ distribution should indicate that it is unlikely that significant change to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet. Property, plant and equipment once classified as held for sale/ distribution to owners are not depreciated or amortised.

## **8. Property, plant and equipment**

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.



Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| Asset Class              | Useful life         |
|--------------------------|---------------------|
| Buildings                | 50 years - 60 years |
| Plant & Machinery        | 15 years - 20 years |
| Moulds                   | 6 years             |
| Computers                | 3 years             |
| Furniture & Fixtures     | 10 years            |
| Office Equipment         | 5 years             |
| Motor Vehicles           | 8 years             |
| Carpeted Roads- RCC      | 10 years            |
| Computer Servers         | 6 years             |
| Electrical Installations | 20 years            |
| Hand Carts, Trolleys     | 15 years            |

The management has estimated, supported by independent assessment by professional, the useful lives of the following class of assets.

- Factory buildings - 50 years (Lower than those indicated in Schedule II of the Companies Act, 2013)
- Plant & Machinery – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Electrical Installations – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)

The management believes that the depreciation rates fairly reflect its estimation of the useful lives and residual values of the fixed assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Accelerated depreciation has been provided for assets which have been exhausted due to higher wear and tear before completion of their useful life.

## 9. **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. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite



lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets are amortised on straight line method as under:

- Software expenditure have been amortised over a period of three years.
- Technical Know-how and Brands are amortised over a period of twenty years.

#### **Research and development costs:**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

#### **10. Borrowing costs:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

#### **11. Inventories:**

Inventories are valued at the lower of cost and net realisable value.



Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
- Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
- Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

## **12. Impairment of non-financial assets:**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's 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 depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

## **13. Provisions:**

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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.



If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **14. Retirement and other employee benefits:**

##### **Defined Contribution plan**

Retirement benefit in the form of provident fund, Superannuation, Employees State Insurance Contribution and Labour Welfare fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### **Defined benefit plan**

The Company provides for retirement benefit in the form of gratuity. The Company's liability towards this benefit is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of balance sheet.

Remeasurement, 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. Remeasurement is not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

##### **Compensated absences**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under short term provision in the Balance Sheet. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under long term provisions in the Balance Sheet. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.



The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### **Termination benefits**

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of 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. If the termination benefit falls due for more than 12 months after the balance sheet date, they are measured at present value of the future cash flows using the discount rate determined by reference to market yields at the balance sheet date on the government bonds.

### **15. Financial instruments**

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

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

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

#### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

#### **Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

#### **Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

#### **Financial liabilities**



**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 including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. 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.



**Derecognition**

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

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

| Original classification | Revised classification | Accounting treatment   |
|-------------------------|------------------------|--|
| Amortised cost          | FVTPL                  | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.   |
| FVTPL                   | Amortised Cost         | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.   |
| Amortised cost          | FVTOCI                 | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.   |
| FVTOCI                  | Amortised cost         | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL                   | FVTOCI                 | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.  |
| FVTOCI                  | FVTPL                  | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.  |

**16. Cash and cash equivalents:**

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



For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**17. Earnings per share:**

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the quarter attributable to equity holders by the weighted average number of equity shares outstanding during the quarter.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the quarter plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

**18. Significant accounting judgments, estimates and assumptions**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

**Estimates and assumptions:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**a) Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company's domicile.

**b) Defined benefit plans (gratuity benefits)**

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. 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, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

**c) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**19. Related party transactions:**

Refer Note 33 regarding details of related party transactions.

**20. Post-retirements benefit plan:**

**Defined Contribution plan**

The Company has recognised and included in Note No.25 “Contribution to Provident and other funds” expenses towards the defined contribution plan as under:

| <b>Particulars</b>                          | <b>Period ended<br/>31 March,<br/>2020</b> | <b>Period ended<br/>31 March,<br/>2019</b> |
|---|--|--|
| Contribution to Provident fund (Government) | Nil  | Nil  |

**Defined Benefit plan – Gratuity**

The Company had a defined benefit gratuity plan which was funded with an Insurance company in the form of qualifying Insurance policy. This gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service gets a gratuity on separation @ 15 days of last drawn salary for each completed year of service.



**Note 3: Property, plant and equipment**
*(Amount in Rs)*

| Asset                  | Gross Block at Cost |           |           |  |                      | Depreciation        |              |           |  |                      | Net Block            |                     |
|------------------------|---------------------|-----------|-----------|--|----------------------|---------------------|--------------|-----------|--|----------------------|----------------------|---------------------|
|                        | As at April 1, 2019 | Additions | Disposals | Reclassified to : Non Current assets held for sale | As at March 31, 2020 | As at April 1, 2019 | For the Year | Disposals | Reclassified to : Non Current assets held for sale | As at March 31, 2020 | As at March 31, 2020 | As at April 1, 2019 |
| Furniture and Fixtures | 1                   | -         | -         | -  | 1                    | -                   | -            | -         | -  | -                    | 1                    | 1                   |
| Office equipments      | 79,488              | -         | -         | -  | 79,488               | 64,504              | 6,600        | -         | -  | 71,104               | 8,384                | 14,984              |
| <b>Total</b>           | <b>79,489</b>       | <b>-</b>  | <b>-</b>  | <b>-</b>   | <b>79,489</b>        | <b>64,504</b>       | <b>6,600</b> | <b>-</b>  | <b>-</b>   | <b>71,104</b>        | <b>8,385</b>         | <b>14,985</b>       |
| Previous year          | 6,46,13,430         | -         | -         | 6,45,33,941  | 79,489               | 97,88,321           | 72,35,432    | -         | 1,69,59,249  | 64,504               | 14,985               | 5,48,25,109         |

**Details of fixed assets reclassified to current assets held for sale:**

| Asset                       | Gross Block | Net Block   |
|-----------------------------|-------------|-------------|
| Freehold land and building  | -           | -           |
| Plant and Machinery (Owned) | -           | -           |
| <b>Total</b>                | <b>-</b>    | <b>-</b>    |
| Previous year               | 6,45,33,941 | 4,75,74,691 |



NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2020

**4 NON-CURRENT INVESTMENTS**

| Particulars   | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---|---------------------------------|---------------------------------|
| Unquoted Non - Trade Investments (at Cost)  |                                 |                                 |
| a. National Saving Certificates VIII issue<br>(Pledged as security for Sales Tax purpose) | 15,000                          | 15,000                          |
| b. 1,000 Shares of Rs.10 each in Rado Employees Cooperative Society                       | 10,000                          | 10,000                          |
|   | <b>25,000</b>                   | <b>25,000</b>                   |

**5 LONG-TERM LOANS AND ADVANCES**

| Particulars                 | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|-----------------------------|---------------------------------|---------------------------------|
| Unsecured, considered good: |                                 |                                 |
| Security Deposits           | 1,28,832                        | 25,75,672                       |
|                             | <b>1,28,832</b>                 | <b>25,75,672</b>                |

**6 OTHER NON -CURRENT FINANCIAL ASSETS**

| Particulars                 | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|-----------------------------|---------------------------------|---------------------------------|
| Unsecured, considered good: |                                 |                                 |
| Margin Money Deposits       | 7,54,649                        | 11,34,879                       |
|                             | <b>7,54,649</b>                 | <b>11,34,879</b>                |

| Particulars                                  | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|--|---------------------------------|---------------------------------|
| Margin Money Deposit                         |                                 |                                 |
| - Held as Security for Bank Guarantee        | 7,54,649                        | 5,64,069                        |
| - Held as Security for Bank Guarantee - KSEB | -                               | 5,70,810                        |
|  | <b>7,54,649</b>                 | <b>11,34,879</b>                |

**7 OTHER NON-CURRENT ASSETS**

| Particulars      | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|------------------|---------------------------------|---------------------------------|
| Capital advances | -                               | -                               |
|                  | <b>-</b>                        | <b>-</b>                        |

**8 INVENTORIES**

| Particulars       | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|-------------------|---------------------------------|---------------------------------|
| Stores and Spares | 1,69,545                        | 1,82,177                        |
|                   | <b>1,69,545</b>                 | <b>1,82,177</b>                 |

**INVENTORIES (Valued at cost or net realizable value whichever is lower)**

| Particulars     | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|-----------------|---------------------------------|---------------------------------|
| Diesel stock    | 9,474                           | 22,106                          |
| Stores & spares | 1,60,071                        | 1,60,071                        |
|                 | <b>1,69,545</b>                 | <b>1,82,177</b>                 |



NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2020

**9 TRADE AND OTHER RECEIVABLES**

| Particulars   | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---|---------------------------------|---------------------------------|
| Debts Outstanding for a period exceeding 6 months from the date they are due for payment<br>: |                                 |                                 |
| Unsecured, considered good <i>(Related Party: CEAT Ltd)</i>                                   | -                               | 96,672                          |
|   | -                               | <b>96,672</b>                   |
| Other Debts - Unsecured, considered good<br><i>(Related Party: CEAT Ltd)</i>                  | -                               | -                               |
|   | -                               | -                               |
|   | -                               | <b>96,672</b>                   |

**10 CASH AND CASH EQUIVALENTS**

| Particulars         | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---------------------|---------------------------------|---------------------------------|
| Balances with Banks |                                 |                                 |
| In current Accounts | 1,24,793                        | 2,76,307                        |
| Fixed Deposits      | 20,00,000                       | 15,58,251                       |
| Cash on hand        | 1,491                           | 4,994                           |
|                     | <b>21,26,284</b>                | <b>18,39,552</b>                |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

| Particulars         | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---------------------|---------------------------------|---------------------------------|
| Balances with Banks |                                 |                                 |
| On current Accounts | 1,24,793                        | 2,76,307                        |
| Fixed Deposits      | 20,00,000                       | 15,58,251                       |
| Cash on hand        | 1,491                           | 4,994                           |
|                     | <b>21,26,284</b>                | <b>18,39,552</b>                |

**11 SHORT TERM LOANS AND ADVANCES**

| Particulars                                       | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---|---------------------------------|---------------------------------|
| <b>Unsecured, Considered Good:</b>                |                                 |                                 |
| Balance with Statutory and Government authorities | 11,14,175                       | 8,18,048                        |
| Other receivables                                 | 8,25,094                        | 8,25,094                        |
|   | <b>19,39,269</b>                | <b>16,43,142</b>                |



NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2020

**12 OTHER CURRENT FINANCIAL ASSETS**

| Particulars         | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---------------------|---------------------------------|---------------------------------|
| Interest Receivable | 1,37,061                        | 6,35,880                        |
| Other Receivables   | 1,21,095                        | 1,07,506                        |
|                     | <b>2,58,156</b>                 | <b>7,43,386</b>                 |

**Break up of financial assets carried at amortised cost**

| Particulars                                 | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---|---------------------------------|---------------------------------|
| Non-current Investments (Note 4)            | 25,000                          | 25,000                          |
| Long term loans and advances (Note 5)       | 1,28,832                        | 25,75,672                       |
| Other non-current financial assets (Note 6) | 7,54,649                        | 11,34,879                       |
| Trade and other receivables (Note 9)        | -                               | 96,672                          |
| Cash and cash equivalents (Note 10)         | 21,26,284                       | 18,39,552                       |
| Short term loans and advances (Note 11)     | 19,39,269                       | 16,43,142                       |
| Other current financial assets (Note 12)    | 2,58,156                        | 7,43,386                        |
|   | <b>52,32,190</b>                | <b>80,58,303</b>                |

**13 PREPAYMENTS**

| Particulars | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|-------------|---------------------------------|---------------------------------|
| Prepayments | 16,721                          | 12,255                          |
|             | <b>16,721</b>                   | <b>12,255</b>                   |

**14 OTHER CURRENT ASSETS**

| Particulars  | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|--|---------------------------------|---------------------------------|
| Advance Receivable in Cash or Kind or for Value to be Received | 24,535                          | 33,893                          |
|  | <b>24,535</b>                   | <b>33,893</b>                   |

**15 NON-CURRENT ASSET HELD FOR SALE**

| Particulars   | As at 31st March<br>2020 | As at 31st March<br>2019 |
|---|--------------------------|--------------------------|
| Freehold land and building  | 2,26,32,936              | 2,26,32,936              |
| Plant and Machinery (Owned)   | 2,49,41,756              | 2,49,41,756              |
| Less: Impairment loss/write off on Plant and Machinery <sup>#</sup> | (74,290)                 | (74,290)                 |
|   | <b>4,75,00,401</b>       | <b>4,75,00,401</b>       |

**Basis of classification:**

During this year 2018-19 the Company had received the order from Labour & Skills (A) Department, Government of Kerala, granting permission under the Industrial Dispute Act, 1947 to close the Factory located at Nellikuzhi, near Kothamangalam. In the opinion of the management there were no further business opportunities for the Company to explore.

On the basis of the above the Board has decided that the most appropriate course of action for the Company is to sell its assets such as plant and machinery, land, equipment, spares and such other assets located at its factory near Kothamangalam. The process to obtain quotation have also been initiated by the Board and they expect the sale to be concluded soon.

Given these circumstances the Board had reclassified the above assets from Property, Plant and Equipments to the head Non-Current assets held for sale in the year 2018-19.

<sup>#</sup> In the year 2018-19, the management decided to write off the value of assets which were physically unavailable at the factory premises



# 16. EQUITY SHARE CAPITAL

| Sl. No: | PARTICULARS   | As at 31-03-2020  | As at 31-03-2019  |
|---------|---|---|---|
|         |   | (INR)   | (INR)   |
| a.      | Authorised Shares<br>2,25,00,000 Equity Shares of Rs.4/- each<br>17,00,000 , 12.5% Redeemable Cumulative Preference Shares of Rs. 100 each  | 9,00,00,000<br>17,00,00,000<br>26,00,00,000                         | 9,00,00,000<br>17,00,00,000<br>26,00,00,000                         |
| b.      | Issued, Subscribed and fully Paid up shares<br>1,60,79,050 Equity Shares of Rs.4/- each, fully paid up<br>15,10,000 , 12.5% Redeemable Cumulative Preference Shares of Rs. 100 each, fully paid up<br>Less: 15,10,000 , 12.5% Redeemable Cumulative Preference Shares of Rs. 100 each, fully paid up<br><i>(Reclassified under Financial Liability. Refer Note.18)</i>  | 6,43,16,200<br>15,10,00,000<br>(15,10,00,000)<br><b>6,43,16,200</b> | 6,43,16,200<br>15,10,00,000<br>(15,10,00,000)<br><b>6,43,16,200</b> |
| c.      | Reconciliation of Equity shares outstanding at the beginning and at the end of the reporting period   |   |   |
|         |   | <b>As at 31-03-2020</b><br>No. of shares      Amount (INR)          | <b>As at 31-03-2019</b><br>No. of shares      Amount (INR)          |
|         | At the beginning of the period  | 1,60,79,050      6,43,16,200  | 1,60,79,050      6,43,16,200  |
|         | <u>During the period:</u>   |   |   |
|         | Add: Shares issued / Shares bought  | -      -  | -      -  |
|         | Outstanding at the end of the period  | 1,60,79,050      6,43,16,200  | 1,60,79,050      6,43,16,200  |
| d.      | Terms/rights attached to equity shares.<br>*Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company.<br>* The Company has only one class of shares referred to as equity shares having a par value of Rs.4. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time after subject to of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares.<br>On the account liquidation of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. |   |   |
| e.      | (i) The Company has not issued shares for consideration other than cash during the period of five years immediately preceding the reporting date.<br>(ii) The Company has not reserved shares for issue under options and contracts/commitments for the sale of shares/ disinvestment.<br>(iii) The Company has not declared dividend to its equity shareholders.   |   |   |
| f.      | Details of shareholder's holding more than 5% Equity shares in the company  |   |   |
|         | Shareholders  | <b>As at 31-03-2020</b><br>No. of shares      % of holdings         | <b>As at 31-03-2019</b><br>No. of shares      % of holdings         |
|         |   |   |   |
| 1       | Shares held by CEAT LTD   | 94,16,350      58.56%   | 94,16,350      58.56%   |
| 2       | Shares held by Instant Holdings LTD   | 27,45,310      17.07%   | 27,45,310      17.07%   |
| 3       | Shares held by Swallo Associates LLP (formerly RPG Cellular Investments & Holdings Pvt Ltd)   | 15,44,240      9.60%  | 15,44,240      9.60%  |



NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2020

17 OTHER EQUITY

| Particulars  | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|--|---------------------------------|---------------------------------|
| <b>Retained Earnings:</b>                              |                                 |                                 |
| Deficit in the Statement of Profit and Loss            |                                 |                                 |
| Balance as per last financial statements               | (16,18,33,703)                  | (14,71,22,761)                  |
| Add: Loss for the period                               | (28,54,678)                     | (1,47,10,942)                   |
| <b>Amount available for appropriation</b>              |                                 |                                 |
| Less: Appropriations                                   | -                               | -                               |
|  | <b>(16,46,88,381)</b>           | <b>(16,18,33,703)</b>           |
| <b>Other Reserves:</b>                                 |                                 |                                 |
| Capital Reserve  |                                 |                                 |
| Balance in Central & State Investment Subsidy Reserve, |                                 |                                 |
| At the beginning of the period                         | 13,18,432                       | 13,18,432                       |
| During the period                                      | -                               | -                               |
|  | <b>13,18,432</b>                | <b>13,18,432</b>                |
|  | <b>(16,33,69,949)</b>           | <b>(16,05,15,271)</b>           |

18 LONG TERM BORROWINGS

*Non-current portion*

| Particulars  | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|--|---------------------------------|---------------------------------|
| Preference Share Capital                                     |                                 |                                 |
| 15,10,000 , 12.5% Redeemable Cumulative Preference Shares of |                                 |                                 |
| Rs. 100 each, fully paid up                                  | 15,10,00,000                    | 15,10,00,000                    |
|  | <b>15,10,00,000</b>             | <b>15,10,00,000</b>             |

Note on Preference Share Capital:

Reconciliation of 12.5% Redeemable Cumulative Preference Shares outstanding at the beginning and at the end of the reporting period

| Particulars                          | As at 31st March 2020 |                     |
|--------------------------------------|-----------------------|---------------------|
|                                      | No. of shares         | Amount (Total)      |
| At the beginning of the period       | 15,10,000             | 15,10,00,000        |
| During the period:                   |                       |                     |
| Add: Shares issued / Shares bought   | -                     | -                   |
| Outstanding at the end of the period | <b>15,10,000</b>      | <b>15,10,00,000</b> |
| Particulars                          | As at 31st March 2019 |                     |
|                                      | No. of shares         | Amount (Total)      |
| At the beginning of the period       | 15,10,000             | 15,10,00,000        |
| During the period:                   |                       |                     |
| Add: Shares issued / Shares bought   | -                     | -                   |
| Outstanding at the end of the period | <b>15,10,000</b>      | <b>15,10,00,000</b> |

Terms/rights attached to 12.5% Redeemable Cumulative Preference Shares

- \* Preference Shares carry preferential (cumulative) right to dividend, at the coupon rate (i.e. the rate of dividend) 12.50%, when declared.
- \* The dividend shall be calculated pro rata i.e. from the date of allotment(s) of such Preference Shares.
- \* The Preference Shares do not carry any voting rights except in case of any resolution placed before the Company which directly affects the rights attached to such shares or otherwise provided in the Companies Act, 2013.
- \* The Preference Shares have a maximum redemption period of 20 years. However, the same may be redeemed fully or in such tranches, before the aforesaid period, at discretion of the Board. Only fully paid up Preference Shares shall be redeemed.
- \* The Preference Shares shall be redeemed at par as per applicable and available mode of redemption.
- \* The Preference Shares shall not be listed in any Stock Exchange in India or outside India



NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2020

**19 TRADE AND OTHER PAYABLES**

| Particulars                     | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---------------------------------|---------------------------------|---------------------------------|
| Amount payable to related party | 77,086                          | -                               |
| Other trade payables            | 7,36,529                        | 7,95,810                        |
|                                 | <b>8,13,614</b>                 | <b>7,95,810</b>                 |

The details of amount outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

| Particulars   | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---|---------------------------------|---------------------------------|
| Principal amount due and remaining unpaid                                       | -                               | -                               |
| Interest due on above and the unpaid interest                                   | -                               | -                               |
| Interest paid   | -                               | -                               |
| Payment made beyond the appointed day during the year                           | -                               | -                               |
| Interest due and payable for the period of delay                                | -                               | -                               |
| Interest accrued and remaining unpaid   | -                               | -                               |
| Amount of further interest remaining unpaid due and payable in succeeding years | -                               | -                               |

**20 OTHER CURRENT FINANCIAL LIABILITIES**

| Particulars  | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|--|---------------------------------|---------------------------------|
| Other current financial liabilities at amortised cost: |                                 |                                 |
| Current maturities of long-term debt                   | -                               | -                               |
| Payable to capital vendors                             | 1,40,686                        | 1,40,686                        |
|  | <b>1,40,686</b>                 | <b>1,40,686</b>                 |

**Break up of financial liabilities carried at amortised cost**

| Particulars                                     | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|---|---------------------------------|---------------------------------|
| Borrowings (non-current) (note 18)              | 15,10,00,000                    | 15,10,00,000                    |
| Other financial liabilities (current) (note 20) | 1,40,686                        | 1,40,686                        |
| Trade payables (note 19)                        | 8,13,614                        | 7,95,810                        |
|   | <b>15,19,54,300</b>             | <b>15,19,36,496</b>             |

**21 OTHER CURRENT LIABILITIES**

| Particulars       | As at 31st March<br>2020<br>Rs. | As at 31st March<br>2019<br>Rs. |
|-------------------|---------------------------------|---------------------------------|
| Dues to employees | 49,240                          | 49,240                          |
| Statutory dues    | 1,986                           | 15,349                          |
|                   | <b>51,226</b>                   | <b>64,589</b>                   |



NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH 2020

**NOTE - 22 REVENUE FROM OPERATIONS**

| Sl. No: | Particulars        | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|--------------------|---|--|
| a.      | Sale of Services   |   |  |
|         | Conversion Charges | -   | -  |
|         |                    | -   | -  |

**NOTE - 23 OTHER INCOME**

| Sl. No: | Particulars                           | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|---------------------------------------|---|--|
| a.      | Interest Income                       |   |  |
| i.      | Bank Deposits                         |   |  |
|         | Interest on Bank and Security Deposit | 2,57,989  | 5,30,045                                       |
|         | Interest on Income Tax Refund         | 1,958   | 6,27,329                                       |
|         |                                       | <b>2,59,947</b>                                 | <b>11,57,374</b>                               |
| b.      | Other non- operating income           |   |  |
|         | Excess provision reversed             | -   | 20,780   |
|         | Other income                          | -   | 35,660   |
|         |                                       | -   | <b>2,72,963</b>                                |
|         |                                       | <b>2,59,947</b>                                 | <b>14,30,337</b>                               |

**NOTE - 24 CONVERSION / JOB WORK EXPENSES**

| Sl. No: | Particulars                | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|----------------------------|---|--|
| a.      | Stores and Spares Consumed | -   | -  |
| b.      | Outside Mixing Charges     | -   | -  |
| c.      | Power and Fuel             | -   | -  |
| d.      | Repairs to Machinery       | -   | -  |
| e.      | Factory Expenses           | -   | -  |
|         |                            | -   | -  |

**NOTE - 25 EMPLOYEES BENEFITS EXPENSE**

| Sl. No: | Particulars                               | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|---|---|--|
| a.      | Salaries, Wages and Bonus*                | 36  | 5,04,907                                       |
| b.      | Contribution to Provident and other Funds | -   | -  |
| c.      | Gratuity Expenses*                        | -   | 95,127   |
| d.      | Staff Welfare Expenses                    | -   | -  |
|         |   | <b>36</b>                                       | <b>6,00,034</b>                                |

\* For year 2018-19 consists of salary of Rs. 5,04,873/- and Gratuity Rs. 95,127/- paid to employees as final out of court settlement of their dues.



**NOTE - 26 FINANCE COSTS**

| Sl. No: | Particulars       | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|-------------------|---|--|
| a.      | Interest Expenses | -   | -  |
|         |                   | -   | -  |

**NOTE - 27 DEPRECIATION AND AMORTIZATION EXPENSES**

| Sl. No: | Particulars                                    | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|--|---|--|
| a.      | Depreciation on Property, Plant and Equipment* | 6,600   | 72,35,432                                      |
|         |  | <b>6,600</b>                                    | <b>72,35,432</b>                               |

\* In the year 2018-19 accelerated depreciation has been provided for assets which have been exhausted due to higher wear and tear before completion of their useful life. Accelerated depreciation of Rs. 56,56,526 has been provided on Plant & Machinery and Rs. 9,835 on Office equipments in the current financial year.

**NOTE - 28 IMPAIRMENT LOSS/WRITE OFF ON NON CURRENT ASSETS HELD FOR SALE**

| Sl. No: | Particulars                                      | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|--|---|--|
| a.      | Impairment loss/write off on plant and machinery | -   | 74,290   |
|         |  | -   | <b>74,290</b>                                  |

**NOTE - 29 OTHER EXPENSES**

| Sl. No: | Particulars   | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|---|---|--|
| a.      | Rent Paid   | 1,03,504  | 1,03,500                                       |
| b.      | Travelling and Conveyance Expenses                      | 28,437  | 77,001   |
| c.      | Fees, Rates & Taxes                                     | 81,416  | 2,13,495                                       |
| d.      | Insurance Charges                                       | 65,600  | 65,726   |
| e.      | Postage, Telephone and stationery                       | 2,39,803  | 2,38,204                                       |
| f.      | Audit Fees/Expenses                                     | 1,30,000  | 1,30,000                                       |
| g.      | Consultancy & Legal expenses                            | 3,37,817  | 6,55,729                                       |
| h.      | Security Charges  | 10,17,058                                       | 10,25,721                                      |
| i.      | Office Expenses   | 89,387  | 91,870   |
| j.      | Water Charges   | 1,670   | 2,434  |
| k.      | AGM, Meetings & Directors Sitting Fees                  | 1,51,638  | 1,87,500                                       |
| l.      | Food Expenses   | 16,661  | 49,985   |
| m.      | Bank Charges  | 2,920   | 5,722  |
| n.      | Repairs and maintenance - Buildings                     | 9,452   | 42,400   |
| o.      | Repairs and maintenance - electrical                    | 10,130  | 1,82,174                                       |
| p.      | Repairs and maintenance - Machinery                     | -   | 47,550   |
| q.      | Write down of consumable stores and spares <sup>#</sup> | -   | 32,33,356                                      |
| r.      | Advertisement Charges                                   | 3,85,700  | 1,34,200                                       |
| s.      | Accounts written off                                    | 6,197   | 57,160   |
| t.      | Power and Fuel  | 4,04,072  | 16,46,606                                      |
| u.      | Miscellaneous Expenses                                  | 26,528  | 41,190   |
|         |   | <b>31,07,989</b>                                | <b>82,31,522</b>                               |

<sup>#</sup> During the financial year 2018-19 the management had decided to write down the value of stock of stores and other consumables and thereby retaining only the scrap value which they expect to realize from the sale of such items.



| Sl. No: | Particulars              | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|--------------------------|---|--|
|         | Payments to the auditor: |   |  |
| a       | As auditor               |   |  |
|         | Statutory audit          | 65,000  | 65,000   |
|         | Taxation                 | 20,000  | 20,000   |
|         | Limited review           | 45,000  | 45,000   |
|         |                          | <u>1,30,000</u>                                 | <u>1,30,000</u>                                |

#### NOTE - 30 EARNINGS PER SHARE

| Sl. No: | Particulars                                  | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|--|---|--|
| a.      | Net Loss as per Statement of Profit and Loss | (28,54,678)                                     | (1,47,10,942)                                  |
| b.      | Loss available to Equity Share holders       | (28,54,678)                                     | (1,47,10,942)                                  |
| c.      | No. of equity Shares at year end             | 1,60,79,050                                     | 1,60,79,050                                    |
| d.      | Basic Earning Per Share                      | (0.18)  | (0.91)   |
| e.      | Diluted Earning Per Share                    | (0.18)  | (0.91)   |
| f.      | Face Value per Equity Share                  | 4.00  | 4.00   |

#### NOTE - 31 EXCEPTIONAL ITEMS

| Sl. No: | Particulars | For the year ended on<br>March 31st, 2020<br>Rs | For the year ended on<br>31st March 2019<br>Rs |
|---------|-------------|---|--|
|         |             | -   | -  |

#### NOTE-32 : Capital management

| Particulars                     | As at 31st March 2020<br>Rs | As at 31st March 2019<br>Rs |
|---------------------------------|-----------------------------|-----------------------------|
| Non current Borrowings          | 15,10,00,000                | 15,10,00,000                |
| Current Borrowings              | -                           | -                           |
| Trade payables (Note 19)        | (8,13,614)                  | (7,95,810)                  |
| Less: cash and cash equivalents | 21,26,284                   | 18,39,552                   |
| <b>Net debt</b>                 | <b>15,23,12,670</b>         | <b>15,20,43,742</b>         |
| Total equity capital            | 6,43,16,200                 | 6,43,16,200                 |
| <b>Capital and net debt</b>     | <b>21,66,28,870</b>         | <b>21,63,59,942</b>         |
| Gearing ratio                   | <b>70.31%</b>               | <b>70.27%</b>               |

#### NOTE - 33 RELATED PARTY DICLOSURE

Details of related parties with whom transactions have taken place during the year:

| Description of relationship | Names of related parties |
|-----------------------------|--------------------------|
| Holding company(Parent)     | CEAT Limited             |
| Director                    | Mr. V. V Augustine       |
| Director                    | Mr. John M. John         |
| Director                    | Mr. P. A. Krishnamoorthy |
| Director                    | Mr. V. Venugopal         |
| Director                    | Mr. Dillip Modak         |
| Director                    | Mr. Tom K Thomas         |
| Director                    | Dr. C. K. Balan          |



|         |   |                          |  | (In Lakhs)                                  |  |
|---------|---|--------------------------|--|---|--|
| Sl. No: | Particulars                                   | Name of Related Party    | For the year ended on March 31st, 2020<br>Rs | For the year ended on 31st March 2019<br>Rs |  |
| a       | Transactions                                  |                          |  |   |  |
| i.      | Conversion charges received                   | CEAT Limited             | -  | 0.41  |  |
| ii.     | Directors sitting fees paid                   | Mr. V. V Augustine       | 0.17   | 0.30  |  |
| iii.    | Directors sitting fees paid                   | Mr. John M. John         | 0.20   | 0.30  |  |
| iv.     | Directors sitting fees paid                   | Mr. P. A. Krishnamoorthy | 0.25   | 0.25  |  |
| v.      | Directors sitting fees paid                   | Mr. V. Venugopal         | 0.23   | 0.30  |  |
| vi.     | Directors sitting fees paid                   | Mr. Dillip Modak         | 0.10   | 0.20  |  |
| vii.    | Directors sitting fees paid                   | Mr. Tom K Thomas         | 0.05   | 0.05  |  |
| viii.   | Directors sitting fees paid                   | Dr. C. K. Balan          | 0.20   | 0.20  |  |
|         |   |                          | <b>1.20</b>                                  | <b>2.01</b>                                 |  |
| b.      | Amount (due to) / from related parties        |                          |  |   |  |
|         | Unsecured loan                                | CEAT Limited             |  | -   |  |
| i.      | 12.5% Redeemable cumulative preference shares | CEAT Limited             | (1,510.00)                                   | (1,510.00)                                  |  |
| ii.     | Debtors / Receivables                         | CEAT Limited             | -  | 0.97  |  |
| iii.    | Creditors/Advance                             | CEAT Limited             | (0.77)                                       | -   |  |

**NOTE - 34 CONTINGENT LIABILITIES**

- i. Dividend on 12.5% cumulative redeemable preference shares in arrears

| As at 31st March 2020 | As at 31st March 2019 |
|-----------------------|-----------------------|
| 56,416,781            | 37,490,068            |

Significant Accounting Policies and notes on Accounts 1-34

The notes referred to above form an integral part of the Financial Statements.

**As per our report of even date**

**For G. Joseph & Associates**

Chartered Accountants

(Firm Reg. No.006310S)

**Raphael Sharon**  
Partner  
M.No:233286



**John M John**  
Director  
DIN:584201

**Geeta Bandekar**  
Company Secretary

**For and on behalf of Board of Directors of Rado Tyres Limited**

**P. A. Krishnamoorthy**  
Director  
DIN:2432816

**Sanjay Bhatia**  
CFO

**Kamlesh R. Talekar**  
Manager

Date : May 15, 2020  
Place: Ernakulam