

WIL CAR WHEELS LIMITED



3rd ANNUAL REPORT 2019-2020

WIL CAR WHEELS LIMITED

Regd Office: MTH Road, Padi, Chennai - 600050

CIN: U35999TN2017PLC116976

3RD ANNUAL REPORT

FACTORIES

- **TAMILNADU**
MTH Road, Padi,
Chennai – 600050
Tamilnadu
- **HARYANA**
Plot No.11-18, Sector-7,
HSIDC Growth Centre,
Bawal – 123501, Rewari District, Haryana
- **GUJARAT**
Survey No. 91/1,
Village: Vanod, Becharaji-Dasada Road,
Near Becharaji, Taluka: Dasada,
Dist: Surendranagar, Gujarat - 382750

BOARD OF DIRECTORS

Srivats Ram Chairman
Masahiro Abe
(up to 4 February 2020)
Shimura Makoto
(from 4 February 2020)
S Prasad
Badri Vijayaraghavan
Radha Unni
(from 20 May 2019)
Sanjay Pande
L Rajasekar

AUDIT COMMITTEE

S Prasad Chairman
Badri Vijayaraghavan
Masahiro Abe
(up to 4 February 2020)
Shimura Makoto
(from 4 February 2020)

NOMINATION AND REMUNERATION COMMITTEE

Badri Vijayaraghavan Chairman
S Prasad
Masahiro Abe
(up to 4 February 2020)
Shimura Makoto
(from 4 February 2020)

COMPANY SECRETARY & HEAD-FINANCE

M Gokulakrishnan

BANKERS

HDFC Bank Ltd
Axis Bank Ltd
Federal Bank Ltd
Standard Chartered Bank Ltd.

STATUTORY AUDITORS

M/s. Sundaram & Srinivasan
Chartered Accountants
Chennai

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Notice to the Annual General Meeting

Notice is hereby given that the 3rd Annual General Meeting of the Members of the Company will be held on 31st July 2020 at 9.30 A.M. through Video Conference to transact the following business:

ORDINARY BUSINESS

1. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Audited Financial Statements of the Company for the year ended 31 March 2020 and the Board’s and Auditors Reports thereon, be and are hereby approved and adopted.”

2. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Sanjay Pande (DIN 07639645), a director retiring by rotation, being eligible for re-election, be and is hereby re-elected as a director of the Company liable for retirement by rotation.”

By Order of the Board of Directors

Place: Chennai
Date: 11 June 2020

M Gokulakrishnan
Company Secretary

Regd Office:
CIN U35999TN2017PLC116976
WIL Car Wheels Limited
MTH Road, Padi,
Chennai - 600050

NOTES:

1. A member of the company, who is entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Corporate members intending to send their authorised representative(s) to attend the meeting are requested to send to the registered office of the Company, a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Instrument of Proxy, in order to be effective, must be received at the Company’s Registered Office not less than forty-eight hours before the time fixed

for holding the Annual General Meeting. A Form of Proxy is enclosed.

4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business is attached.
5. Members are requested to produce the Attendance Slip, sent along with the Annual Report, duly signed as per the specimen signature recorded with the Company for admission to the Meeting.

By Order of the Board of Directors

Place: Chennai
Date: 11 June 2020

M Gokulakrishnan
Company Secretary

Directors' Report to the Shareholders

Directors Report to the Shareholders

Your Directors present the Third Annual Report of the Company along with the audited accounts for the year ended 31 March 2020.

Performance

The turnover during the year is Rs. 30,132.45 Lakhs and the Loss before tax is Rs.894.49 Lakhs.

Financial Results

The financial results of your Company for the year under review are as below:

	Rs. Lakhs	
Performance	2019-20	2018-19
Gross Profit before finance cost and depreciation	376.93	1,042.02
Finance Cost	499.19	390.80
Depreciation	772.23	844.32
Profit/ (Loss) before tax for the year	(894.49)	(193.10)
Profit/ (Loss) after tax for the year	(666.43)	(128.53)

Prospects

The Indian economy grew at 4.2% in 2019-20, its slowest pace in this century, with growth slowing down to around 3% in the last quarter, as a nationwide lockdown was imposed by the Government of India as a response to the spread of the pandemic, Covid-19, in India.

The slowing growth in the economy reflected in the immediate prospects for most end customers, slowing down demand. The growth was also hampered by risk aversion amongst lenders in the second half of the year and higher costs of vehicle ownership. The Indian passenger car industry saw a significant slowdown with de-growth of 18% in 2019-20. The industry saw the share of sports utility vehicles increase amongst the passenger vehicle segment.

Your company was able to inaugurate its Vanod plant that supplies Suzuki Motor Gujarat, and was also able to win orders for some new vehicles launched in the

last financial year. However, as the year progressed, the decline in demand for passenger cars over successive quarters led to under-utilisation of capacities. Further, the government insisted that companies pay complete salaries to employees, permanent or temporary, until the middle of May, even though operations has ceased during the lockdown. These factors severely affected the profitability of your Company in the year under review.

The coming year has already had the first quarter severely affected by the nation-wide lockdown. The Indian economy is not expected to grow in the coming year. As the country exits the lockdown, consumer sentiment will have to return first before the car market shows growth again. Your company has put in place safety and health systems and precautions into its plant operations. It is expected that the coming year will see a drop in demand and in line with this, your Company and its teams are working on reducing fixed cost and find ways to operate as efficiently as we can, in these unprecedented circumstances.

Associate and Subsidiary Companies

There are no Associate/ Subsidiary Companies as per the Companies Act, 2013. So relevant Form AOC 1 is not applicable.

Directors:

The details of directors as on 31.03.2020 are as under:

Sl. No	Name of Directors	Designation	Date of appointment	Date of cessation
1	Mr. Srivats Ram	Chairman	12 June 2017	
2	Mr. Masahiro Abe	Director	17 August 2018	4 February 2020
3	Mr. Shimura Makoto	Director	4 February 2020	
4	Mr. S Prasad	Independent Director	13 December 2017	
5	Mr. Badri Vijayaraghavan	Independent Director	13 December 2017	
6	Mrs. Radha Unni	Independent Director	20 May 2019	
7	Mr. Sanjay Pande	Director	12 June 2017	
8	Mr. L Rajasekar	Executive Director	18 February 2019	

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 20 May 2019 has appointed Mrs. Radha Unni as Additional Director in Independent Capacity. The appointment of Mrs. Radha Unni as an Additional Director has been ratified in the Annual General Meeting held on 9 August 2019.

During the year, Mr. Masahiro Abe has submitted his resignation as Director of the Company effective 4 February 2020.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 4 February 2020 has appointed Mr. Shimura Makoto as Additional Director. The appointment has been ratified in the Extra Ordinary Meeting (EGM) of shareholders held on 4 February 2020.

All the independent directors have given declaration that they meet the criteria of independence as laid down under Section 143(6) of the Companies Act, 2013.

Key Managerial Personnel (KMP)

The details of key managerial personnel are as under:

Sl. No	Name of KMP	Designation	Date of appointment	Date of cessation
1	Mr. L Rajasekar	Executive Director	18 February 2019	
2	Mr. M. Gokulakrishnan	Company Secretary	14 May 2018	

There is no change in Key management personnel of the Company.

Board Evaluation

Pursuant to the provisions of Section 134(3)(p), Section 149(8) and Schedule IV of the Companies Act, 2013, Annual Performance Evaluation of the Board, the Directors as well as Committees of the Board have been carried out. The Performance Evaluation of the Independent Directors was done by the entire Board and that of the Chairman and Non-Independent Directors. The criteria and manner in which the evaluation has been carried out are provided in Annexure I forming part of this report.

Remuneration Policy

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for determining qualifications, positive attributes and independence of a Director. It has recommended to the Board a policy relating to the remuneration and is provided as Annexure II forming part of this report

Independent Directors Meeting

During the year under review, the Independent Directors met on 4 February 2020 inter alia to evaluate the performance of Non-Independent Directors, Chairman and the Board of Directors as a whole. Evaluation was done basis of attendance, quality of discussion in the meetings, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the meeting.

Particulars of Loans, Guarantees or Investments

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

Fixed Deposits:

During the year under review, your Company did not raise funds by way of fixed deposits from the public.

Dividend

Your Directors have not recommended payment of Dividend for the year 2019-20.

Transfer to General Reserve

The company did not transfer any amount to General Reserve during the year under review.

Risk Management, Internal Financial Control Systems and Audit

Your Company has formulated a Risk Management Policy. The Policy provides for identification of risk and mitigation measures.

Your Company maintains an adequate and effective Internal Control System commensurate with its size. The Internal Control system provides a reasonable assurance to the effect that the transactions are executed with the authorizations and are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets are secured and safeguarded against any misuse or loss. The internal control system is supplemented through an extensive internal audit programme and periodic review by the Management and Audit Committee. The Company has in place adequate internal financial controls and no reportable material weakness was observed.

Vigil Mechanism/ Whistle Blower Policy

In accordance with the requirements of the Companies Act, 2013, your Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and Employees to report genuine concerns. The said policy meets the requirements of the Vigil Mechanism framework under the Companies Act, 2013.

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility of ensuring compliance with the provisions of Section 134(3)(c) of the Companies Act, 2013. To the best of their knowledge and belief and according to the information and explanations obtained by them, your directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- A. that in the preparation of the annual financial statements the applicable Indian Accounting Standards (Ind AS) have been followed along with proper explanation relating to material departures if any;
- B. that such accounting policies as mentioned in the Financial Statements have been selected and applied consistently and judgments and estimates have been made that reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2020 and of the profit of the Company for the year ended on that date;

- C. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- D. that the annual financial statements have been prepared on a going concern basis;
- E. that proper systems are in place so as to ensure compliance with the provisions of all applicable laws and were adequate and operating effectively.

Related Party Transactions

All Related party transactions that were entered in to by the Company during the financial year 2019-20 were in compliance with Sec 188 of Companies Act, 2013 Act and rules framed thereunder. Related Party Transactions were at an arm's length basis and were in the ordinary course of business. Material contracts or arrangement or transactions are at arm's length basis and were in the ordinary course of business and disclosed in Form AOC-2 which is provided in Annexure III forming part of this report. All related party transactions were placed before the Audit Committee. There were no materially significant related party transactions made by the Company with Promoters, Directors and Key Managerial Personnel which may have potential conflict with the interest of the Company at large.

Meetings of the Board

The Board meets at regular intervals to discuss and decide on Company/ business policy and strategy apart from other board business. The Board/committee meetings are pre-scheduled and a tentative annual calendar of the Board Meetings are circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaning full participation in the meetings. The Board had met 4 times during the year under review on 20 May 2019, 9 August 2019, 1 November 2019 and 4 February 2020.

Directors	Attendance in Board Meetings	
	Held	Attended
Mr. Srivats Ram	4	4
Mr. Sanjay Pande	4	4
Mr. Masahiro Abe (up to 4 February 2020)	4	2
Mr. Shimura Makoto (from 4 February 2020)	1	1
Mr. L Rajasekar	4	4
Mr. S Prasad	4	4
Mr. Badri Vijayaraghavan	4	4
Mrs. Radha Unni	4	2

Audit Committee

The Audit Committee comprises of Mr. S Prasad, Chairman, Mr. Badri Vijayaraghavan, Mr. Masahiro Abe (up to 4 February 2020) and Mr. Shimura Makoto (from 4 February 2020) as members. The Committee had met 4 times during the year under review on 20 May 2019, 9 August 2019, 1 November 2019 and 4 February 2020.

Directors	Attendance in Board Meetings	
	Held	Attended
Mr. S Prasad	4	4
Mr. Badri Vijayaraghavan	4	4
Mr. Masahiro Abe (up to 4 February 2020)	4	2
Mr. Shimura Makoto (from 4 February 2020)	1	1

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Badri Vijayaraghavan, Chairman, Mr. S Prasad, Mr. Masahiro Abe (up to 4 February 2020) and Mr. Shimura Makoto (from 4 February 2020) as members. The Committee had met 2 times during the year under review on 20 May 2019 and 4 February 2020.

Directors	Attendance in Board Meetings	
	Held	Attended
Mr. Badri Vijayaraghavan	4	4
Mr. S Prasad	4	4
Mr. Masahiro Abe (up to 4 February 2020)	4	2
Mr. Shimura Makoto (from 4 February 2020)	1	1

Significant and Material Orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators/ courts which would impact the going concern status of the Company and its future operations. There are no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Employees and details of remuneration

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under the Companies Act, 2013 and the rules framed there under.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, there were no cases filed pursuant to the above Act.

Auditors

As per Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014,

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai has been appointed as Statutory Auditors of the Company for a period of 5 years at the first Annual General Meeting of the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules framed thereunder, the Company had appointed M/s. Dhanapal & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is given in Annexure IV and forms part of this report.

Comments on Auditors' report

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in Practice in their reports respectively. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

Corporate Social Responsibility (CSR)

The requirements with respect to framing the CSR policy and the related expenditure does not arise.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Annexure V forms part of this Report

General

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) rules, 2014 are enclosed as Annexure VI and forms part of this report.

Your Directors wish to thank the Customers and Bankers for their excellent support and we look forward to their continued support.

Your Directors wish to place on record their appreciation for the effort put in by all the employees of the Company.

For and on behalf of the Board of Directors

Srivats Ram

Chairman

DIN 00063415

Place: Chennai

Date: 11 June 2020

BOARD EVALUATION

The criteria for evaluation were in accordance with the Nomination & Remuneration Policy adopted by the Company. The evaluation was carried out taking into account the following:

Composition of the Board and availability of multi-disciplinary skills, commitment to good corporate governance practices, adherence to regulatory compliance, grievance redressal mechanism, track record of financial performance, existence of integrated risk management system, use of modern technology, commitment to corporate social responsibility.

In addition to the above the following were also considered: qualifications & experience, leadership qualities, standard of integrity, understanding of macro & micro economic and industry trends, public relations, future vision and innovation, attendance in Board meetings/ Annual General Meeting, understanding of Company's business, value addition in Board Meetings and other parameters mentioned in the Policy.

REMUNERATION POLICY

Preamble

The Company strongly believes that human resources which manage the other resources have infinite potential, and therefore, their development is the key to organizational effectiveness. We commit ourselves to integrate human resources with Organizational growth and development for mutual benefit.

Scope

This Nomination and Remuneration Policy has been formulated in compliance with Section 178 and other applicable provisions of the Companies Act 2013 read with the applicable rules thereto and re-enactment thereof.

Objective

- a) To laydown criteria in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management.
- b) To carry out evaluation of the performance of the Directors and remuneration for the Directors, KMPs and other Senior Management.
- c) To formulate criteria for determining qualification, positive attributes and independence of a Director.

Definitions

“Key Managerial Personnel”, in relation to a company, means (i) the Chief Executive Officer or the managing director or the manager; (ii) the whole-time director; ; (iii) the Chief Financial Officer; (iv) the Company Secretary and (v) such other officer as may be prescribed under the Companies Act 2013

“Senior Management”: - means executives of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Policy:

The role of the committee shall be in accordance with the provisions of the Companies Act 2013 and the Rules framed thereunder. The Nomination & Remuneration Committee (“Committee”) constituted by the Board of Directors of the Company, shall identify, ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level. The Committee has powers to decide whether qualification, expertise and experience possessed by a person is sufficient for such position. The Committee delegates its powers to Human Resources Department as regards the Senior Management personnels are concerned.

A. Appointment

Executive Directors

The appointment, of the Executive Directors shall be in accordance with the provisions of the Companies Act 2013 (as amended from time to time) read with the applicable Rules framed under the Companies Act 2013.

Independent Directors

An independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company’s business and such other related areas as the Nomination & Remuneration Committee may in its absolute discretion deem fit.

KMP, Senior Management and other Employees

The Company has an organizational chart displaying the position of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business

and the nature and complexity of its operations. Any new recruit in the company is to match the requirements prescribed in the organizational chart of the Company.

B. Remuneration

1. Remuneration to Managing/ Whole-Time / Executive/Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

2. Remuneration to Non-Executive/ Independent Director:

The Non-Executive /Independent Director may receive remuneration by way of sitting fees. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force. It is the discretion of the Board to consider paying the sitting fees only to Independent Directors.

3. Remuneration to other Employees:

Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience,

The power to decide structure of remuneration for KMP, Senior Management and other employees has been delegated to the Human Resources Department of the Company.

C Evaluation

Executive Directors and Non-Executive Directors

The performance of the Board as a whole, of its committees, and of its members shall be evaluated at least once a year keeping in view the objectives of the Company.

The results of board evaluation shall remain confidential between the Chairman and Directors concerned. The evaluation process will be used constructively as a mechanism to improve board effectiveness and maximize strengths.

Independent Directors

The evaluation will be in accordance with Section 149 of the Companies Act 2013 read with Schedule IV to the said Act, the rules framed thereunder under the Act. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

KMPs, (CFO / Company Secretary) and Senior Management

The criteria will be in accordance with the HR guidelines as applicable to the Company from time to time.

Other Employees

The power to decide criteria for evaluation of other employees has been delegated to Human Resource department of the Company.

Deviation from this policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in interest of the Company, will be made if there are specific reasons to do so in individual cases.

CRITERIA FOR EVALUATION

Criteria for Evaluation of the Board and Non-Independent Directors at a separate meeting of the Independent Directors

a) Composition of the Board and availability of multi-disciplinary skills

Whether the Board comprises of Directors with sufficient qualifications and experience in diverse fields to make the company a pioneer in its area of operations.

b) Commitment to good corporate governance practices

1. Whether the company practises high ethical and moral standards
2. Whether the company is fair and transparent in all its dealings with stake holders

c) Adherence to regulatory compliance

Whether the company adheres to the various government regulations, local, state and central in time.

d) Track record of financial performance

Whether the company has been consistently recording satisfactory and profitable financial performance year on year adding to shareholder value. Whether the company is transparent in all its disclosures on financial data

e) Grievance redressal mechanism

Whether a proper system is in place to attend to the complaints/ grievances from the shareholders, depositors, customers , employees and others quickly and fairly.

f) Existence of integrated Risk Management system

Whether the company has an integrated risk management system to cover the business risks

g) Use of modern technology

Whether the company has a system for periodical technology up-gradation in respect of IT hardware/ software, production processes and engineering, designing capabilities, innovation and increasing its

technology deployment to meet the requirements of its customers in various industry segments.

h) Commitment to CSR

Whether the company is committed to social causes and CSR and whether there is a system to identify, finance and monitor such social activities

Criteria for evaluation of Chairman at separate meeting of Independent Directors

- a) Leadership qualities
- b) Standard of integrity
- c) Understanding of Macro & micro economic and industry trends
- d) Public relations
- e) Future vision and innovation

Criteria for evaluation of Independent Directors by the entire Board

- a) Qualifications & experience
- b) Standards of integrity
- c) Attendance in Board Meetings/ AGM
- d) Understanding of Company's business
- e) Value addition in Board Meetings

Criteria for evaluation of the Audit committee by the Board

- a) Qualification Experience of members
- b) Depth of review of financial performance
- c) Overview of Audit & inspection
- d) Review of regulatory compliance
- e) Fraud monitoring

REVIEW AND AMENDMENT:

1. The NRC or the Board may review the Policy as and when it deems necessary.
2. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.

ANNEXURE III

AOC 2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

a	b	c	d	e	f	g	h
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transaction	date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

2. Details of material contracts or arrangement or transactions at arm's length basis

a	b	c	d	e	f
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Wheels India Ltd, Holding Company	Purchase and Sale of Wheels/ Contract Manufacturing	As per PO terms	Supply of Wheels as per agreement	20.05.2019 09.08.2019 01.11.2019 04.02.2020	Nil

For and on behalf of the Board of Directors

**Srivats Ram
Chairman
DIN 00063415**

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To,

The Members,
M/s. WIL CAR WHEELS LIMITED,
Chennai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. WIL CAR WHEELS LIMITED having CIN: U35999TN2017PLC116976, (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/ understanding thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understanding, the Company, during the audit period covering the financial year ended on March 31, 2020, appears to have complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2020 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable.
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') to the extent applicable during the year –
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is substituted with The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 with effect from 08.11.2018.
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

-
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 is substituted with The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 with effect from 11.09.2018.

The management has confirmed that there are no sector specific laws applicable to the company.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2).
- ii) The Listing Agreements entered into by the Company and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Company has complied in accordance with the requirements to be met with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable but for delayed filing of forms with ROC.

It is represented to us that the company has initiated measures, wherever required, to address issues raised by the statutory authorities and letters/notices received by the Company during the financial year under various enactments as applicable to the company and that the Company is in the process of dematerializing its securities as mandated under the provisions of Companies Act, 2013.

We further report that, subject to the above, the related documents that we have come across depict that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and

clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on our limited review of the compliance mechanism established by the Company, there appear adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company has sought the approval of its members for following major events, other than ordinary business at AGM:

- a) Appointment of Mr. L Rajasekar as Executive director;
- b) Appoint of Ms. Radha Unni as Independent Director;
- c) Approval under section 180 (1)(a) of the Companies Act, 2013 for creation of charge against the loans availed by the Company from time to time upto a limit of Rs. 150 crores;
- d) Approval under section 180 (1)(c) of the Companies Act, 2013 for borrowing monies by the Company from time to time upto a limit of Rs. 150 crores;
- e) Appointment of Mr. Shimura Makoto as Director of the Company.

We further report that, our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

For **S Dhanapal & Associates**
(A Firm of Practicing Company Secretaries)

S. Dhanapal
(Partner)
FCS 6881

Place: Chennai

Date: 11.06.2020

CP No. 7028

UDIN: F006881B000335352

This Report is to be read with our testimony of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE IV (A)

To

The Members,
M/S. WIL CAR WHEELS LIMITED,
Chennai

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

Management's Responsibility

- a. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditor's Responsibility

- b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- c. We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.

- d. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

Disclaimer

- e. The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

For **S Dhanapal & Associates**
(A Firm of Practicing Company Secretaries)

S. Dhanapal
(Partner)
FCS 6881
CP No. 7028

Place: Chennai
Date: 11.06.2020

UDIN: F006881B000335352

ANNEXURE V

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U35999TN2017PLC116976
Registration Date	06/07/2017
Name of the Company	WIL Car Wheels Limited
Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
Address of the Registered office and contact details	MTH Road, Padi, Chennai - 600050
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacture of Road Wheels	29301	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Wheels India Limited 21 Patullos Road, Chennai – 600 002	L35921TN1960PLC004175	Holding Company	74%	2(37)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) BodiesCorp.	-	37,00,000	37,00,000	74%	-	37,00,000	37,00,000	74%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	37,00,000	37,00,000	74%	-	37,00,000	37,00,000	74%	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other –Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	13,00,000	13,00,000	26%	-	13,00,000	13,00,000	26%	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A) (2)	-	50,00,000	50,00,000	100%	-	50,00,000	50,00,000	100%	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture	-	-	-	-	-	-	-	-	-
Capital Funds i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
(C-i) Clearing member									
(C-ii) Trust									
(C-iii) Foreign Nationals									
(C-iv) HUF									
(C-v) Non-Resident Indians	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,00,000	50,00,000	100%	-	50,00,000	50,00,000	100%	-

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
Equity Shares								
1	Wheels India Limited	37,00,000	74%	-	37,00,000	74%	-	-
2	Topy Industries Limited, Japan	13,00,000	26%	-	13,00,000	26%	-	-
Preference Shares - NIL								

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

Type of share / Share holder	Equity Shares (Wheels India Limited)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	37,00,000	74%	37,00,000	74%
	Changes during the year	Nil			
	At the End of the year	37,00,000	74%	37,00,000	74%

Type of share / Share holder	Equity Shares (Topy Industries Limited, Japan)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	13,00,000	26%	13,00,000	26%
	Changes during the year	Nil			
	At the End of the year	13,00,000	26%	13,00,000	26%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) – Nil

(v) Shareholding of Directors and Key Managerial Personnel – Nil

V. INDEBTEDNESS

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

(Rs. in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,714.82	–	–	3,714.82
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	3,742.49	–	–	3,742.49
Change in Indebtedness during the financial year				
• Addition	2,879.56	–	–	2,879.56
• Reduction	527.67	–	–	527.67
Net Change	2,351.89	–	–	2,351.89
Indebtedness at the end of the financial year				
i) Principal Amount	6,050.00	–	–	6,050.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	44.38	–	–	44.38
Total (i+ii+iii)	6,094.38	–	–	6,094.38

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Executive Director:

Sl. no.	Particulars of Remuneration	Name of Executive Director	Total Amount
		Mr. L Rajasekar	(Rs. in Lakhs)
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29.46	29.46
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8.85	8.85
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit	–	–
	- others, specify...	–	–
5.	Others, please specify	–	–
	Total (A)	38.31	38.31
	Ceiling as per the Act		

B. Remuneration to other directors:

(Rs. In Lakhs)

Sl. No.	Particulars of Remuneration	Mr. S Prasad	Mr. Badri Vijayaraghavan	Mrs. Radha Unni	Total Amount
1.	Independent Directors				
	• Fee for attending board / committee meetings	1.20	1.20	0.35	2.30
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	1.20	1.20	0.35	2.75
2.	Other Non-Executive Directors				
	Fee for attending board / committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total (B)=(1+2)	1.20	1.20	0.35	2.75

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. no.	Particulars of Remuneration	Secretary	Total (Rs. In Lakhs)
		M Gokulakrishnan	
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.51	22.51
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.16	2.16
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit	–	–
	- others,	–	–
5.	Others, please specify	–	–
	Total	24.67	24.67

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	–	Not applicable		–	–
Punishment	–			–	–
Compounding	–			–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	Not applicable		–	–
Punishment	–			–	–
Compounding	–			–	–

ANNEXURE VI

Conservation of Energy

Your Company is implementing Energy Conservation activities in all its plant locations. One of the major Energy saving actions that have got implemented is usage of LPG as alternate fuel instead of diesel. Also there are multi-fold activities being carried out for conserving energy viz. reduction of compressed air leakage, replacement of inefficient motors with energy efficient motors, VFD drives, usage of induction and LED lamps, reduction of energy consumption by converting electrical energy into Hydraulic energy/ gravity type, Idle energy consumption reduction by projects, Water consumption reduction by water treatment. Each of the production line is metered for power consumption and improvements are being made through audits.

Technology Absorption

Your Company continues to innovate and increase its technology deployment to meet the requirements of its customers in various industry segments and will continue its efforts towards yield improvement, resource optimisation and improved performance of its products. The knowledge exchange though technical collaboration with Topy Industries Ltd, Japan also enables the above purpose.

Foreign Exchange earnings and outgo

Foreign Exchange used	Rs. 250.97 Lakhs
Foreign Exchange earned	Rs. 727.71 Lakhs

For and on behalf of the Board of Directors

Srivats Ram
Chairman
DIN 00063415

ACCOUNTS 2019-2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIL CAR WHEELS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH, 2020

Report on Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of WIL Car Wheels 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 Statement of Cash Flows for the year then ended and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2020, and its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules made there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

Emphasis of matter:

We draw attention NOTE No. 33 on the impact of COVID 19 pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates as well as the measures taken and planned to deal with these circumstances on events. This note also indicated that uncertainties exist and that correctly it is not possible to reasonably estimate the future impact. Our opinion is not modified in this matter.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the financial highlights and board's but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial

performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls 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 Ind AS financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.
 - (e) On the basis of the written representations received from the directors 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.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) As regards Managerial Remuneration paid to Directors, refer to note no. xi of "Annexure A" to this Report.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations which will have an impact on its financial position in its Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The amounts to be transferred to the Investor Education and Protection Fund by the company is not applicable to the company.

For **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Firm's Registration No. 004207S)
K. SRINIVASAN
Partner
Membership No. 005809

Place: Chennai
Date: 11.06.2020

Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b. These fixed assets have been physically verified by the Management at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
c. The title deeds of immovable properties are held in the name of the Company.
- ii. The Physical verification of inventory has been conducted at reasonable intervals by the Management and discrepancies noticed on such verification which were not material have been properly dealt with in the books of account.
- iii. The Company has not granted any loan, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Hence, the clauses (iii) (a), (b) and (c) of this paragraph of the Order are not applicable.
- iv. The Company has not granted any loan, made any investment and provided any guarantee or security. Hence the provisions of section 185 and 186 of the Act are not applicable.
- v. The Company has not accepted any deposit from the public and hence this paragraph of the Order is not applicable.
- vi. The maintenance of Cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act in respect of products manufactured by the company.
- vii. a. The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other statutory dues with the appropriate authorities.
b. There are no disputed Income tax, Goods and Service Tax and Duty of Customs which have not been deposited by the company.
- viii. The Company has not defaulted in repayment of loans or borrowings to banks during the year. The company did not have loans or borrowings from any financial institution or Government and has not issued debentures.
- ix. The terms loans availed during the year have been applied for the purposes for which they were obtained. The Company had not raised any moneys by way of Initial Public Offer or further public offer (Including Debt Instruments).
- x. No fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- xi. The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of the section 197, read with Schedule V to the Act.
- xii. The Company is not a Nidhi company; hence this paragraph of the order is not applicable.
- xiii. The transactions with the related parties are in compliance with Section 177 and Section 188 of the Act and details have been disclosed in the Ind AS financial statements, as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, during the year.
- xv. The company has not entered into any non-cash transaction with directors or persons connected with them. Hence this paragraph of the order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Sundaram & Srinivasan**

Chartered Accountants

Firm Registration Number : 004207S

K.Srinivasan

Partner

Membership Number : 005809

Place : Chennai

Date :11.06.2020

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT

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 WIL CAR Wheels Limited, Chennai (“the Company”) as at 31st March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the period ended on that date.

Management’s Responsibility for Internal Financial Controls with reference to Ind AS Financial Statements

The Company’s Management is responsible for establishing and maintaining internal financial controls with reference to Ind AS financial statements 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to Ind AS financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to Ind AS financial statements 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 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 with reference to Ind AS financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Ind AS financial statements over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to Ind AS financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to Ind AS financial statements, 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 Ind AS 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 with reference to Ind AS financial statements over financial reporting with reference to Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control with reference to Ind AS financial statements over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements over financial reporting includes those policies and procedures that;

- I. pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS 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
- III. 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Place : Chennai
Date :11.06.2020

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration Number : 004207S

K.Srinivasan
Partner
Membership Number : 005809

Balance Sheet as at

(Rs. In Lakhs)

PARTICULARS	Note No.	31.03.2020	31.03.2019
I ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipment	1	10,457.22	10,934.65
(b) Right of use asset	1A	18.11	-
(c) Capital work-in-progress	2	6,399.96	2,370.41
(d) Other Intangible Assets	3	36.86	64.90
(e) Financial Assets			
Others	4	118.31	106.15
(f) Deferred Tax Assets (Net)	17	262.11	34.04
(g) Other Non Current Assets	5	32.47	226.75
		17,325.04	13,736.90
2. Current assets			
a) Inventories	6	2,355.00	3,180.95
b) Financial Assets			
i) Trade receivables	7	2,081.46	4,479.16
ii) Cash and cash equivalents	8	135.78	135.01
iii) Bank Balances other than (ii) above	9	18.85	11.00
iv) Others	10	58.57	52.10
c) Current Tax Assets (Net)	11	65.77	58.30
d) Other current assets	12	758.90	547.85
		5,474.33	8,464.37
		<u>22,799.37</u>	<u>22,201.27</u>
II EQUITY AND LIABILITIES			
EQUITY			
a) Share Capital	13	500.00	500.00
b) Other Equity	14	7,581.11	8,296.31
		8,081.11	8,796.31
LIABILITIES			
1. Non-current liabilities			
a) Financial Liabilities			
i) Borrowings	15	4,665.87	3,207.10
ii) Other financial liabilities	15A	18.76	-
b) Provisions	16	174.22	153.38
c) Deferred tax liabilities (Net)	17	-	-
		4,858.85	3,360.48
2. Current liabilities			
a) Financial Liabilities			
i) Borrowings	18	483.00	482.00
ii) Trade payables	19		
(A) Total outstanding dues of Micro enterprises and small Enterprises		15.22	41.56
(B) Total outstanding dues of creditors other than Micro enterprises and small Enterprises		7,047.25	7,586.97
iii) Others	20	2,127.90	1,449.69
b) Other current liabilities	21	176.16	470.67
c) Provisions	22	9.88	13.59
d) Current Tax Liabilities (Net)	23	-	-
		9,859.41	10,044.48
		<u>22,799.37</u>	<u>22,201.27</u>

SRIVATS RAM
Chairman

SHIMURA MAKOTO
Director

S PRASAD
Director

As per our report attached
For **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Registration No.:004207S)

BADRI VIJAYARAGHAVAN
Director

L RAJASEKAR
Executive Director

SANJAY PANDE
Director

K SRINIVASAN
Partner
Membership No.5809

11 June 2020
Chennai

M GOKULAKRISHNAN
Company Secretary

Profit and Loss statement for the

(Rs. In Lakhs)

	Note no.	Year ended 31 March 2020	Year ended 31 March 2019
REVENUE FROM OPERATIONS			
Sale of Products		28,893.51	34,934.96
Sale of Services		25.13	30.26
Other operating revenues		1,192.05	1,511.42
Revenue from Operations - Gross		30,110.69	36,476.64
Other income	24	21.76	14.88
TOTAL REVENUE		30,132.45	36,491.52
EXPENSES			
Cost of materials consumed	25	24,156.44	29,113.37
Changes in inventories of finished goods, Work-in-progress	26	(15.33)	(268.93)
Employee benefits expense	27	2,614.07	3,157.70
Finance Cost	28	499.19	390.80
Depreciation and amortization expense	1&3	772.23	844.32
Other Expenses	29	3,000.34	3,447.36
TOTAL EXPENSES		31,026.94	36,684.62
Profit/ (Loss) before exceptional items and tax		(894.49)	(193.10)
Exceptional items		—	—
Profit/ (Loss) before tax		(894.49)	(193.10)
Tax expense:	31		
Current tax		—	—
Deferred tax		(228.06)	(64.57)
		(228.06)	(64.57)
Profit/ (Loss) for the year		(666.43)	(128.53)
Other Comprehensive Income			
A. Items that will not be reclassified into profit or loss			
- Remeasurements of post employment benefit obligations		(48.77)	(31.38)
- Income tax relating to the remeasurements		(48.77)	(31.38)
Total Comprehensive Income/ (Loss) for the year		(715.20)	(159.91)
Earnings per equity share:	32		
1. Basic		(13.33)	(2.57)
2. Diluted		(13.33)	(2.57)

SRIVATS RAM
Chairman

SHIMURA MAKOTO
Director

S PRASAD
Director

As per our report attached
For **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Registration No.:004207S)

BADRI VIJAYARAGHAVAN
Director

L RAJASEKAR
Executive Director

SANJAY PANDE
Director

K SRINIVASAN
Partner
Membership No.5809

11 June 2020
Chennai

M GOKULAKRISHNAN
Company Secretary

Notes on Accounts

COMPANY OVERVIEW

WIL Car Wheels Limited (“Company”) was incorporated on June 7, 2017 as a Public Limited Company domiciled in India and as a Subsidiary of Wheels India Limited. The Company is primarily in to the business of manufacture and distribution of Passenger Car Steel Wheels

As per Business Slump Sale Agreement entered by and among the Company, Wheels India Limited (Chennai) and TOPY Industries Limited (Japan), the passenger car wheel business at Padi (Chennai) and Bawal (Haryana) has been transferred to the Company by Wheels India Limited on Slump Sale basis with effect from 01 September 2017.

Wheels India Limited holds 74% and Topy Industries Limited, Japan hold 26% of the share capital of the Company. The Registered office of the Company is at MTH Road, Padi, Chennai – 600 050.

A SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as ‘Ind AS’) notified under Companies (Indian Accounting Standards) Rules 2015.

“The financial Statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently for all the periods presented in the financial statements. The Assets and Liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. The Company’s normal operating cycle has been ascertained as 12 months based on the nature of products and the time between acquisition of assets for processing and their realisation in cash or cash equivalents.”

b) Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

c) Property, Plant and Equipment

- a) Property, plant and equipment is stated at acquisition cost net of GST credits as reduced by accumulated depreciation and accumulated impairment losses, if any.
- b) Depreciation on Property, Plant and Equipment has been provided under the Straight Line Method in accordance with Schedule II of the Companies Act 2013.
- c) In accordance with Ind AS 23, the borrowing costs attributable to the qualifying assets that necessarily takes substantial period to get ready for its intended use are capitalised.
- d) Grants received for Investment in Property Plant & Equipment are recognized in profit or loss on a systematic basis over the useful life of the asset.
- e) The cost of software relating to ERP is amortised over the estimated useful life viz., 5 years. The cost of other intangible assets are amortised over the estimated useful life viz., 3 years.

d) Inventories

“The stock of raw materials, work-in-progress, stores, loose tools and goods in transit are valued at cost (net of GST credits on weighted average basis). The stock of finished goods are valued at cost net of GST credits (including appropriate overheads) or market value whichever is lower.”

e) Financial instruments

a) Financial assets:

Financial asset is recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of Profit and Loss.

In other cases, the transaction cost are attributed to the acquisition value of the financial assets.

Financial assets are subsequently classified as measured at:

- i) Amortised cost
- ii) Fair Value through profit and loss
- iii) Fair Value through other comprehensive income”

b) Trade receivables and loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using Effective Interest Rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

c) Investments:

All investments in equity instruments (other than in Subsidiaries and Associates) classified under financial assets, are initially measured at fair value. Fair Value changes on an equity instruments are recognised in the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

f) Financial liabilities:

Financial liabilities are initially measured at amortised cost. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost using effective interest rate method.

g) Provisions and Contingent liabilities:

Provisions are recognised when the Company has a present obligation as a result of an event and 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 obligations. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. Contingent liabilities are disclosed when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

h) Revenue recognition:

Revenue from Sale of Products

Revenue from sale of products is recognised at the point in time when control of the promised goods (an asset) is transferred to the customer, generally when the products are dispatched or appropriated in accordance with the terms of sale. With respect to revenue from sale of wheels, the Company operates predominantly on credit basis. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount

of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. There are no significant accounting judgements, estimates and assumptions relating to determination of the time of revenue from contracts with customers are involved as the contract with customers explicitly states the point in time at which the customer obtains control of the promised goods. The Contract with customers involves performance of a single obligation, the amount stated in the contract is the transaction price allocated to the performance obligation. Incremental Cost incurred to obtain or fulfil a contract with the customers not recognised as an asset, as the amortisation period of the assets is less than one year. Revenue is reduced for customer returns, commissions, rebates and discounts, and other similar allowances.

Contract balances:

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Other Operating Revenue:

Other operating revenue comprises of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

Interest Income

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Dividend income is recognised when rights to receive payment is established. Export incentives are recognised as revenue as and when exports are made."

i) Employee Benefits:

i) Defined benefit plans:

Gratuity:

The gratuity plan provides for a lump sum payment to vested employees eligible for gratuity at the time of retirement, death, incapacity or termination of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation as at the Balance Sheet date based upon which the Company contributes all the ascertained liabilities to LIC, who is the administrator of the plan.

Superannuation:

Eligible employees receive benefit from Superannuation at the time of retirement, death or leaving the services. The Company makes an annual contribution to LIC of India, equal to a specific percentage

of the eligible employee's basic salary. Apart from this, the Company has no other obligation under this head.

Unencashed Leave Salary:

Unencashed leave salary is accounted on actuarial valuation and it is not funded

ii) Defined contribution plans:

Provident Fund:

Eligible employees receive benefits from Provident Fund which is defined contribution plan. Both, the employees and the Company make monthly contributions to the regional provident fund authorities equal to specified percentage of eligible covered employees salary.

Others:

Contributions to defined contribution schemes such as employees state insurance, labour welfare fund etc., are charged as expenses based on the amount of contribution required to be made. These benefits are classified as defined contribution schemes as the Company has no further defined obligations beyond what has been recognised as expense in the Statement of profit and loss.

j) Research & Development expenses:

Revenue expenditure on Research & Development is charged to the statement of profit & loss in the year in which it is incurred.

k) Operating Leases:

Where the Company is lessee

All outstanding leases as on the date of inception of Ind AS 116 have been recognized as per the Modified Retrospective Method. Lease liability is measured at the present value of the remaining lease payments, discounted at incremental borrowing rate as on the date of initial application. Right of use on leased assets is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. For all leases entered into subsequently, Lease Liability is measured on the lease commencement date, on a similar basis as mentioned above. Right of use on leased asset is measured at the value of lease liability, adjusted for (i) prior lease payments, (ii) lease incentives, (iii) initial direct costs incurred by lessee & (iv) estimated removal / dismantling cost of the underlying asset.

After the commencement date, the amount of lease liability is measured by adding the amount interest cost and reducing the amount of lease payments to the value of lease liability. The amount of Right of use on leased asset is depreciated over the life of the underlying asset on a straight line basis. Short term leases and leases with low value of underlying assets are not considered for lease accounting.

Where the Company is lessor

The Company's leased out assets are in the nature of operating leases and lease payments received are recognized as income on accrual basis during the lease term.

l) Foreign Currency Transactions

"Transactions in Foreign currencies are accounted in the books of accounts at the rates prevailing at the

Notes on Accounts (Contd.)

date of the transaction. Exchange differences arising on the settlement of such transactions are recognised in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange prevailing on the Balance Sheet date.”

m) Earnings per share:

Earnings per share (EPS) is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year

n) Impairment of tangible and intangible assets

At the end of each reporting period, the Company determines whether there is any indication that its tangible, intangible assets carried at cost have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment loss is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) will be increased to the revised estimate of its recoverable amount, but so however increased carrying amount will not exceed the original carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

o) Income taxes

Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognised using the Balance Sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other deferred tax assets are recognised if there is reasonable certain that there will be sufficient future taxable income available to realise such assets.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred liability is settled

Notes on Accounts (Contd.)

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH 2020

A) EQUITY SHARE CAPITAL

(Rs. in Lakhs)

	As at 31.03.2020	As at 31.03.2019
Balance as at the beginning of the reporting period	500.00	500.00
Changes in Equity share capital during the period	–	–
Balance at the end of the reporting period	500.00	500.00

B) Other Equity (2019-20) - Year ended 31 March 2020

(Rs. In Lakhs)

	Capital Reserve	Securities Premium Reserve	General Reserve	OCI	Retained Earnings	Total
Balance as at 1 April 2019 (A)	–	8,300.00	–	(31.38)	27.69	8,296.31
Additions during the period :						
Profit/ (Loss) for the period					(666.43)	(666.43)
Remeasurement benefit of defined benefit plans				(48.77)		(48.77)
Total Comprehensive Income/ (Loss) for the year 2019-20 (B)	–	–	–	(48.77)	(666.43)	(715.20)
Reductions during the year :						
Total (C)	–	–	–	–	–	–
Balance as at 31 March 2020 D= (A+B-C)	–	8,300.00	–	(80.15)	(638.74)	7,581.11

Notes on Accounts (Contd.)

C) OTHER EQUITY (2018-19)

(Rs. In Lakhs)

	Capital Reserve	Securities Premium Reserve	General Reserve	OCI	Retained Earnings	Total
Balance as at 1 April 2018 (A)	–	8,300.00	–	–	156.22	8,456.22
Additions during the period :						
Profit/ (Loss) for the year					(128.53)	(128.53)
Remeasurement benefit of defined benefit plans				(31.38)	–	(31.38)
Total Comprehensive Income / (Loss) for the year 2018-19 (B)	–	–	–	(31.38)	(128.53)	(159.91)
Reductions during the period :						
Total (C)	–	–	–	–	–	–
Balance as at 31st March 2019 D= (A+B-C)	–	8,300.00	–	(31.38)	27.69	8,296.31

Nature and purpose of reserves:

The surplus/ (deficit) in the statement of profit and loss is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

Securities Premium Reserve:

This consists of premium realised on issue of shares and will be applied/ utilised in accordance with the provisions of the Companies Act, 2013.

SRIVATS RAM
Chairman

SHIMURA MAKOTO
Director

S PRASAD
Director

As per our report attached
For **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Registration No.:004207S)

BADRI VIJAYARAGHAVAN
Director

L RAJASEKAR
Executive Director

SANJAY PANDE
Director

11 June 2020
Chennai

M GOKULAKRISHNAN
Company Secretary

K SRINIVASAN
Partner
Membership No.5809

Notes on Accounts (Contd.)

NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakhs)

Note No. 1

Description	Gross Block at Cost				Depreciation / Amortisation				Net Block
	As At 1.4.2019	Additions	Deletions	As At 31.3.2020	As At 1.4.2019	Additions	Deletions	As At 31.3.2020	As At 31.3.2020
1. TANGIBLE ASSETS									
Land (Free hold)	1,351.10	–	–	1,351.10	–	–	–	–	1351.10
Buildings	2,387.77	2.36	–	2,390.13	76.68	79.77	–	156.45	2233.68
Plant & Equipment	8,157.63	282.07	38.81	8,400.89	1,043.82	622.84	6.77	1,659.89	6741.00
Furniture and Fixtures	47.21	–	–	47.21	4.84	4.72	–	9.56	37.65
Vehicles	0.31	–	0.02	0.29	0.03	0.03	0.02	0.04	0.25
Office Equipment	141.79	2.00	0.19	143.60	25.79	24.43	0.16	50.06	93.54
	12,085.81	286.43	39.02	12,333.22	1,151.16	731.79	6.95	1,876.00	10,457.22
1A. Right of use Assets									
Leased Vehicles	–	30.20	–	30.20	–	12.09	–	12.09	18.11
	–	30.20	–	30.20	–	12.09	–	12.09	18.11
3. OTHER INTANGIBLE ASSETS									
Computer Software	89.01	0.31	–	89.32	24.11	28.35	–	52.46	36.86
	89.01	0.31	–	89.32	24.11	28.35	–	52.46	36.86
Total	12,174.82	316.94	39.02	12,452.74	1,175.27	772.23	6.95	1,940.55	10,512.19

(Rs. in Lakhs)

Previous year

Description	Gross Block at Cost				Depreciation / Amortisation				Net Block
	As At 1.4.2019	Additions	Deletions	As At 31.3.2020	As At 1.4.2019	Additions	Deletions	As At 31.3.2020	As At 31.3.2020
1. TANGIBLE ASSETS									
Land (Free hold)	922.05	429.05	–	1,351.10	–	–	–	–	1351.10
Buildings	845.43	1,542.34	–	2,387.77	15.50	61.18	–	76.68	2311.09
Plant & Equipment	5,172.83	3,038.48	53.68	8,157.63	309.51	740.60	6.29	1,043.82	7113.81
Furniture and Fixtures	5.73	41.48	–	47.21	1.32	3.52	–	4.84	42.37
Vehicles	0.02	0.29	–	0.31	0.02	0.01	–	0.03	0.28
Office Equipment	28.43	113.36	–	141.79	7.91	17.88	–	25.79	116.00
	6,974.49	5,165.00	53.68	12,085.81	334.26	823.19	6.29	1,151.16	10,934.65
3. OTHER INTANGIBLE ASSETS									
Computer Software	15.12	73.89	–	89.01	2.98	21.13	–	24.11	64.90
	15.12	73.89	–	89.01	2.98	21.13	–	24.11	64.90
Total	6,989.61	5,238.89	53.68	12,174.82	337.24	844.32	6.29	1,175.27	10,999.55

2. CAPITAL WORK IN PROGRESS	31.03.2020	31.03.2019
a) Buildings	2,111.89	1,461.15
b) Plant and Machinery	4,288.07	909.26
	6,399.96	2,370.41

Notes on Accounts (Contd.)

(Rs. In Lakhs)

	As at 31 March 2020	As at 31 March 2019
4 NON-CURRENT FINANCIAL ASSETS - OTHERS		
Unsecured - Considered good		
Security Deposits	118.31	106.15
	<u>118.31</u>	<u>106.15</u>
5 OTHER NON CURRENT ASSETS		
Unsecured - Considered good		
a) Advances for Capital goods	26.71	226.15
Advance other than capital advance		
- Prepaid expenses	5.76	0.60
	<u>32.47</u>	<u>226.75</u>
6 INVENTORIES		
a) Raw Materials	1,057.95	1,701.64
b) Work-in Progress	239.27	135.93
c) Finished goods	366.42	454.43
d) Stores and Spares	318.55	368.79
e) Loose tools	372.81	520.16
	<u>2,355.00</u>	<u>3,180.95</u>
7 TRADE RECEIVABLES		
Unsecured, considered good	2,081.46	4,479.16
	<u>2,081.46</u>	<u>4,479.16</u>
8 CASH AND CASH EQUIVALENTS		
a) Balances with Banks (Current Accounts)	133.92	133.92
b) Cash on hand	1.86	1.86
	<u>135.78</u>	<u>135.78</u>
9 BALANCES WITH BANK OTHER THAN CASH AND CASH EQUIVALENTS		
a) Earmarked Fixed Deposit Balances - Margin money for Guarantee availed	18.85	11.00
	<u>18.85</u>	<u>11.00</u>
10 OTHER CURRENT FINANCIAL ASSETS (Unsecured, considered good)		
Advances to employees	57.28	51.85
Interest Receivable	1.29	0.25
	<u>58.57</u>	<u>52.10</u>

Notes on Accounts (Contd.)

		(Rs. In Lakhs)	
		As at 31 March 2020	As at 31 March 2019
11	CURRENT TAX ASSETS (Net)		
	Advance tax, Tax Deducted at Source and Tax Collected at Source less Provision for tax	65.77	58.30
		<u>65.77</u>	<u>58.30</u>
12	OTHER CURRENT ASSETS		
	Unsecured - Considered good		
	Advances other than Capital Advances		
a)	Advances to Vendors	20.14	12.69
b)	Balance with GST authorities	619.23	401.38
c)	Export incentives receivable	41.27	35.14
d)	Prepaid expenses	78.26	96.39
e)	Others	-	2.25
		<u>758.90</u>	<u>547.85</u>
13	SHARE CAPITAL		
a)	Authorised		
	50,00,000 Equity Shares of Rs.10/- each	500.00	500.00
b)	Issued, Subscribed and Fully Paid-up		
	50,00,000 Equity Shares of Rs.10/- each	500.00	500.00

c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	31.03.2020		31.03.2019	
	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs
Equity Shares of Rs.10/- each				
Outstanding at the beginning of the year	50,00,000	500.00	50,00,000	500.00
Add: Issued during the year	-	-		
Outstanding at the end of the year	<u>50,00,000</u>	<u>500.00</u>	<u>50,00,000</u>	<u>500.00</u>

d) Rights, Preferences and restrictions

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each member is entitled to one vote by show of hands and while on poll, every shareholder is entitled to vote in proportion to their holdings.

e) Shareholding of shareholders holding more than 5% of shares as at

	As at 31.03.2020 (Number of shares)	% of Holding	As at 31.03.2019 (Number of shares)	% of Holding
Wheels India Limited	37,00,000	74%	37,00,000	74%
Topy Industries Limited	13,00,000	26%	13,00,000	26%
	50,00,000	100%	50,00,000	100%

Notes on Accounts (Contd.)

	(Rs. In Lakhs)
	As at 31 March 2019
	As at 31 March 2020
14. OTHER EQUITY	
a) Securities Premium Reserve	8,300.00
b) Retained Earnings	(3.69)
Total	8,296.31
c) Current year profit	(715.20)
Grand Total	7,581.11
	As at 31 March 2019
	8,300.00
	156.22
	8,456.22
	(159.91)
	8,296.31
	As at 31 March 2020
NON CURRENT FINANCIAL LIABILITIES	
15 BORROWINGS	
A. SECURED	
Term Loans from Banks *	
Secured by way of hypothecation of exclusive first charge on fixed assets of the Company at Mambattu, Andhra Pradesh and freehold land at Vanod, Gujarat	4,665.87
	4,665.87
* Above loan is repayable over the period of 5 years as per the terms of agreement entered into with banks.	
	3,207.10
	3,207.10
15A OTHER FINANCIAL LIABILITIES	
Lease liabilities	18.76
	18.76
	-
	-
16 PROVISIONS	
Provision for employee benefits	174.22
	174.22
	153.38
	153.38
17 DEFERRED TAX (ASSET) / LIABILITIES (NET)	
Deferred Tax Liabilities	449.44
Deferred Tax Assets	(711.55)
	(262.11)
	401.07
	(435.11)
	(34.04)

Notes on Accounts (Contd.)

(Rs. In Lakhs)

Movement in Deferred Tax Assets and Liabilities

	As at 01.04.2019	Recognised in Statement of profit or loss	As at 31.3.2020
Deferred Tax Liability			
Plant, Property and Equipment	401.07	48.37	449.44
Less:			
Deferred Tax Asset			
i) Unabsorbed depreciation/ Business Loss under the Income Tax Act, eligible for set off in subsequent financial years	(376.79)	(262.53)	(639.32)
ii) Preliminary expenses to be claimed in subsequent years	(1.02)	0.49	(0.53)
iii) Expenses not admissible	(9.47)	(14.23)	(23.70)
iv) Minimum Alternate Tax credit entitlement	(47.83)	–	(47.83)
v) Others	–	(0.17)	(0.17)
	(34.04)	(228.07)	(262.11)

	As at 01.04.2018	Recognised in Statement of profit or loss	As at 31.3.2019
Deferred Tax Liability			
Plant, Property and Equipment	182.13	218.94	401.07
Less:			
Deferred Tax Asset			
i) Unabsorbed depreciation under the Income Tax Act, eligible for set off in subsequent financial years	(102.42)	(274.37)	(376.79)
ii) Preliminary expenses to be claimed in subsequent years	(1.35)	0.33	(1.02)
iii) Expenses not admissible		(9.47)	(9.47)
iv) Minimum Alternate Tax credit entitlement	(47.83)	–	(47.83)
	30.53	(64.57)	(34.04)

	As at 31 March 2020	As at 31 March 2019
CURRENT FINANCIAL LIABILITIES		
18 A. BORROWINGS - SECURED		
a) Loans repayable on demand from Bank	483.00	482.00
Secured by hypothecation by way of first charge on all plant and machinery present and future, stock of raw materials, work-in-process, finished goods, consumable stores and spares, goods-in-transit and book debts.		
	<u>483.00</u>	<u>482.00</u>
19 TRADE PAYABLES		
Dues to Micro Enterprises and Small Enterprises	15.22	41.56
Dues to others	7,047.25	7,586.97
	<u>7,062.47</u>	<u>7,628.53</u>
(Refer to note no. 34 for details of dues to Micro Enterprises and Small Enterprises)		
20 OTHER FINANCIAL LIABILITIES		
a) Current Maturities of Long Term Borrowings *	1,375.00	500.00
b) Interest accrued but not due	46.54	30.02
c) Creditors for capital goods	471.36	370.35
d) Security deposit from Customers	8.39	17.50
e) Liabilities for expenses	226.61	531.82
	<u>2,127.90</u>	<u>1,449.69</u>
* Above loan is repayable over the period of 5 years as per the terms of agreement entered into with banks.		
21 OTHER CURRENT LIABILITIES		
Statutory dues	176.16	470.67
	<u>176.16</u>	<u>470.67</u>
22 PROVISIONS		
Provision for employee benefits	9.88	13.59
	<u>9.88</u>	<u>13.59</u>
23 CURRENT TAX LIABILITIES		
Provision for Taxation less Advance Tax and Tax deducted at Source	-	-
	<u>-</u>	<u>-</u>

	For the year ended 31 March 2020	For the year ended 31 March 2019
24 OTHER INCOME		
a) Interest on deposits and advances	6.68	5.08
b) Profit on sale of fixed assets	–	6.34
c) Net gain on foreign currency transaction and translation	4.30	–
d) Other non-operating income	10.78	3.46
	<u>21.76</u>	<u>14.88</u>
25 RAW MATERIAL CONSUMPTION		
Raw Material	23,555.36	28,477.32
Components	601.08	636.05
	<u>24,156.44</u>	<u>29,113.37</u>
26 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
a) Opening inventory of Finished Goods	454.43	220.06
Less: Closing inventory of Finished Goods	366.42	454.43
Net change in stock of Finished Goods	<u>88.01</u>	<u>(234.37)</u>
b) Opening inventory of Work in Progress	135.93	101.37
Less: Closing inventory of Work in Progress	239.27	135.93
Net change in stock of Work in Progress	<u>(103.34)</u>	<u>(34.56)</u>
Net change in Finished Goods and Work in Progress	<u>(15.33)</u>	<u>(268.93)</u>
27 EMPLOYEE BENEFITS EXPENSE		
a) Salaries and Wages	2,303.87	2,781.79
b) Contribution to Provident and Other Funds	120.67	114.26
c) Staff Welfare expenses	189.53	261.65
	<u>2,614.07</u>	<u>3,157.70</u>
28 FINANCE COSTS		
a) Interest expense	491.51	390.80
b) Interest expense - Right to use asset	2.01	–
c) Interest expense - others	5.67	–
	<u>499.19</u>	<u>390.80</u>

	For the year ended 31 March 2020		For the year ended 31 March 2019	
29 OTHER EXPENSES				
Consumption of Stores, tools and spare parts		668.70		791.66
Power and fuel		1,086.02		1,224.07
Rent including Lease Rent		13.27		38.49
Repairs to				
Buildings	27.57		21.10	
Plant and Equipment	38.88	66.45	24.65	45.75
Insurance		27.89		27.66
Rates and taxes, excluding taxes on income		11.81		4.41
Directors sitting fees		2.75		2.30
Auditors' remuneration				
Statutory Audit	9.00		7.00	
Tax Audit	2.00		2.00	
Other Services	1.00		1.00	
Expenses	0.93	12.93	0.37	10.37
Net loss on foreign currency transaction and translation		–		5.18
Freight		221.71		382.56
Loss on sale of fixed assets (net)		13.63		–
Miscellaneous expenses		875.18		914.91
		3,000.34		3,447.36

30 Financial Instruments**A. Accounting classifications and fair values**

The carrying amounts and fair value of financial instruments by class are as follows:

	As at 31.03.2020	As at 31.03.2019
Financial assets:		
Financial assets measured at fair value:	Nil	Nil
Investments measured at		
i. Fair value through other comprehensive income	—	
ii. Fair value through profit or loss	—	
iii. Derivative financial instruments	—	
Financial assets measured at amortised cost:		
Trade receivables	2,081.46	4,479.16
Cash and cash equivalents	135.78	135.01
Bank balances other than cash and cash equivalents	18.85	11.00
Other financial assets	58.57	52.10
Financial liabilities:		
Financial liabilities measured at fair value:	18.76	Nil
Borrowings		
Derivative financial instruments		
Financial liabilities measured at amortised cost:		
Long term Borrowings	4,665.87	3,207.10
Short term Borrowings (less than 12 months)	483.00	482.00
Trade payables	7,062.47	7,628.53
Other financial liabilities	2,127.90	1,449.69

B (i) Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 hierarchy - Includes Financial Instruments measured using quoted prices in the active market

Level 2 hierarchy - The fair value of financial instruments that are not traded in an active market, is determined using valuation techniques which maximise the use of observable market data.

Level 3 hierarchy - Includes financial instruments for which one or more of the significant inputs are not based on observable market data. This is applicable for unlisted securities.

There are no transfer between levels 1 and 2 during the year

Notes on Accounts (Contd.)

(ii) Valuation processes:

The finance department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes.

(iii) Fair value of financial assets and liabilities measured at amortised cost:

The carrying amounts of trade receivables, trade payables, deposits, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature and insignificant change in interest rate.

		(Rs. in Lakhs)	
		2019-20	2018-19
31	Income Tax Expense		
	A Components of Income Tax Expense		
	i) Tax Expense recognised in Statement of Profit and Loss		
	a) Current Tax		
	on current year tax income	—	—
	b) Deferred Tax Liability/ (Asset)		
	on origination and reversal of temporary difference	(228.06)	(64.57)
		(228.06)	(64.57)
	ii) Tax Expenses recognised in other comprehensive income	—	—

B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India as follows:

	31 March 2020	31 March 2019
Accounting Profit/ (loss) before income tax	(894.49)	(193.10)
Enacted tax rate in India (%)	26.00%	33.384%
Profit before income tax multiplied by enacted tax rate	(232.57)	(64.46)
Effect on account of change in tax rate in the year of reversal	3.05	—
Permanent differences	(1.61)	(0.11)
Others	3.06	—
Net effective income tax	(228.06) (25.497%)	(64.57) 33.441%

	31 March 2020	31 March 2019
32 Earnings Per Share		
Net profit as per Statement of Profit and Loss	(666.43)	(128.53)
Weighted Average Number of Shares	5000000	5000000
Nominal value per share - Rupees	10.00	10.00
Basic & Diluted earnings per share - Rupees	(13.33)	(2.57)

33. RECENT DEVELOPMENTS – IMPACT OF COVID 19 ON THE COMPANY

The COVID-19 lockdown have had a worldwide impact, the ramification of which will play out over the next few months and years. As facilities re-open, the Company capacities and customer’s capacities will be constrained by the social distancing disciplines within the factory premises. The situation is evolving and the assessment of impact due to COVID-19 is a continuous process, given the uncertainties. The Company will periodically make an assessment of the situation and its impact on our business during the Financial Year 2020-21 and undertake necessary action to mitigate any negative impacts to business. We do not expect any cancellation of order and the business is expected to stabilise in the medium term.

The items of inventory and PPE were tested for obsolescence in light of reduction in business due to Covid 19 and was ensured that no such items have become obsolete on accounts of such reduction in business. The value of trade receivables stated in the Financial statements is fully recoverable and it has been evaluated & ensured that all trade receivables will be realised in full in due course. All the goods sold have been validly accepted by our customers and we do not expect any return of our sold goods on accounts of non-acceptance owing to fall in business/trade as result of Covid-19. The Company does not expect any material fall in its net worth value owing to this reduction in business operations and hence there will be no impact on Going concern.

The business scenario post 31st March 2020 was analysed and it has been ensured that there were no significant adjusting events that would have any material impact in the Company’s Financial Statements for the year ended 31st March 2020.

		(Rs. in Lakhs)	
		31 March 2020	31 March 2019
34	Disclosures required under the “Micro, Small and Medium Enterprises Act, 2006”		
	Particulars		
a.	The Principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
	- Principal amount due to micro and small enterprises	15.22	41.56
	- Interest due on above	–	–
b.	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	–	–
c.	The amount of interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	5.67	–
e.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

This information has been given in respect of such vendors to the extent they could be identified as 'Micro, Small and Medium Enterprises' on the basis of information available with the Company on which the Auditors have relied upon.

Notes on Accounts (Contd.)

35 Employee Benefits

Brief Description of the plans:

The Company has various schemes for long term benefits such as Provident Fund, Superannuation, Gratuity and Earned Leave Encashment. In case of funded schemes, the funds are administered through trustees / Life Insurance Corporation of India. The Company's defined contribution plans are Provident Fund and Employees Pension Scheme (under the provisions of the Employee's Provident Funds and Miscellaneous Provisions Act, 1952) and Superannuation Fund. The Company has no further obligation beyond making the contributions.

In respect of the Employees Provident Fund Scheme, the fund is being maintained with Regional Provident Fund Commissioner and hence the company has no obligations towards this interest contribution.

The liability in respect of Gratuity is determined on the basis of actuarial valuation and provided for in the Statement of Profit and Loss as on 31/03/2020 are disclosed as below:

	(Rs. in Lakhs)	
	Gratuity (funded) 2019-20	Gratuity (funded) 2018-19
Change in defined benefit obligation		
Opening defined benefit obligation	244.74	203.80
Current service cost	23.59	22.72
Interest cost	15.95	14.80
Actuarial loss / (gain) due to Change in Demographic & Financial Assumptions	26.23	1.58
Actuarial loss / (gain) arising from Experience adjustments	20.72	10.20
Benefits paid	(72.31)	(23.69)
Effect of Business combination/ disposals		15.33
Closing defined benefit obligation	258.92	244.74
Change in fair value of assets		
Opening fair value of plan assets	246.99	303.94
Expected return on plan assets	16.30	20.60
Actuarial gain / (Loss) arising from Return on plan assets	(1.82)	(19.60)
Contribution by employer	4.56	(49.59)
Benefits paid	(72.31)	(23.69)
Effect of Business combination/ disposals		15.33
Closing fair value of plan assets	193.72	246.99
Amount recognised in the Balance Sheet		
Present value of obligations at year end	258.92	244.74
Fair value of plan assets at year end	193.72	246.99
Amount now recognised as (liability)/ asset	(65.20)	2.25
Net (liability) / asset recognised as on 31st March	(65.20)	2.25

Expenses recognised in the Profit & Loss Statement

	Gratuity (funded) 2019-20	Gratuity (funded) 2018-19
a) Current Service cost	23.59	22.72
b) Interest on defined benefit obligation	15.96	14.80
c) Expected return on plan assets	(16.30)	(20.61)
d) Benefits transferred	–	–
e) Actuarial Gain/Loss	–	–
f) Net actuarial loss / (gain) recognised in the current year	–	–
Remeasurement on the net defined benefit liability		
g) Actuarial loss / (gain) due to Change in Demographic & Financial Assumptions	26.23	1.58
h) Actuarial loss / (gain) arising from Experience adjustments	20.72	10.20
i) Actuarial gain / (Loss) arising from Return on plan assets	1.82	19.60
Grand Total	72.02	48.29
Expenses recognised in the Profit & Loss A/c	23.25	16.91
Expenses recognised in Other Comprehensive Income	48.77	31.38
Principal actuarial assumptions used		
Discount rate (p.a)	6.65%	7.65%
Attrition rate	1-3%	1-3%
Salary escalation	5.00%	5.00%
Mortality Rate is IALM (2006-08) Ultimate constantly for both the plans		

Risk Exposure:

Through its defined benefit plans, the Company is exposed to some of the general risks such as Interest rate risk, Longevity risk and Salary escalation risk, which are insignificant and not specific to the Company.

The Sensitivity Analysis of the Impact of Changes in the above assumption (by 0.50%) is given in the below tables:

a) Gratuity

Change in Assumption	(Rs. in Lakhs)			
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	2019-20	2019-20		
Discount	245.27	273.75	232.04	258.47
Salary escalation	273.53	245.38	258.38	232.05
Mortality	258.99	258.85	244.85	244.62
Attrition	259.19	258.65	245.16	244.30

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes on Accounts (Contd.)

36 Segment information for the year ended 31st March, 2020 in accordance with Ind AS 108:

(i) Primary segments:

Automotive components is the only reportable segment of the company

(ii) Revenue by Geographical Segment:

	2019-20			2018-19		
	India	Outside India	Total	India	Outside India	Total
External	29,383.00	727.69	30,110.69	35,369.01	1,107.63	36,476.64
Internal	–	–	–	–	–	–
Total	29,383.00	727.69	30,110.69	35,369.01	1,107.63	36,476.64
Carrying amount of segment assets	22,776.41	22.96	22,799.37	22,018.97	182.30	22,201.27
Additions to fixed assets	316.94	–	316.94	5,238.89	–	5,238.89

The geographical segments considered for disclosure are as follows:

Sales within India include Sales to customers located within India

Sales outside India include Sales to customers located outside India.

(iii) Information about major customers

Revenues from three customers of the Company exceeding 10% of the Company's total revenue is Rs.14,687.65 Lakhs, Rs. 5,290.90 Lakhs and Rs.4,115.06 Lakhs (Previous year Rs. 16,286.44 Lakhs, Rs.6,900.06 Lakhs and Rs. 6,493.72 Lakhs)

Notes on Accounts (Contd.)

37 Disaggregated revenue information

(Rs. In Lakhs)

A Type of goods and service

- a) Sale of products
 - Wheels
- b) Sale of services
- c) Other operating revenues
 - Scrap Sales
 - Packing and forwarding charges
 - Export Incentives
 - others

Total operating revenue

- In India
- Outside India

31 March 2020 *
28,893.51
25.13
1,151.64
4.22
35.27
0.92
30,110.69
29,383.00
727.69

B Timing of revenue recognition

Sale of products and other operating income

**At a point
of time**

30,110.69

Over a period
of time

-

C Contract Balances

Trade receivables (Refer Note 7)
(not interest bearing and are generally on terms of 30 to 90 days)

31 March 2020

2,081.46

D Revenue recognised in relation to contract liabilities

Nil

E Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Revenue at contracted prices
Revenue from contract with customers
Difference

30,110.69

30,110.69

-

F Unsatisfied or partially satisfied performance obligation

Nil

* As permitted under the transitional provision in Ind As 115, the relevant disclosures for the comparative period is not disclosed

38. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

39. Financial risk management objectives and policies

The Company's principal financial liabilities, include trade and other payables. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

"Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans, deposits and FVTPL investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since there is no short term borrowings during the year with variable interest rates, this does not arise.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Majority of the Company's revenue and expenses are in Indian Rupees. The risk with respect to exposure in Foreign Currency if any will be mitigated through hedging transactions.

Notes on Accounts (Contd.)

Unhedged foreign currency

As at the balance sheet date, the Company's net foreign currency exposure that is not hedged is as follows:

Particulars	(Rs. In lakhs)	
	31.3.2020	31.3.2019
Trade Payables	–	–
Trade Receivables as at 31 March 2020	22.96	182.3
Advance to suppliers	–	–

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

(Rs. In lakhs)

Impact on profit

Details	(Rs. In lakhs)	
	31.3.2020	31.3.2019
USD sensitivity		
INR/USD increases by 5%	1.26	9.15
INR/USD decreases by 5%	(1.26)	(9.15)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Management reviews the receivables outstanding frequently and hence there is a very minimal risk.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure funds are available for use as per requirements. The Company's prime source of liquidity is cash and cash equivalents and the cash generated from operations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rs. In lakhs)

As at March 31, 2020	Less than 1 year	> 1 year	Total
Long Term Borrowings	1,375.00	4,665.87	6,040.87
Short Term Borrowings	483.00	–	483.00
Trade and other payables	7,062.47	–	7,062.47
Other financial liabilities	752.90	–	752.90
	9,673.37	4,665.87	14,339.24
As at March 31, 2019	Less than 1 year	> 1 year	Total
Long Term Borrowings	500.00	3,207.10	3,707.10
Short Term Borrowings	482.00	–	482.00
Trade and other payables	7,628.53	–	7,628.53
Other financial liabilities	949.69	–	949.69
	9,560.22	3,207.10	12,767.32

Notes on Accounts (Contd.)

40 Related Party disclosures in accordance with Ind AS 24 issued by ICAI

Holding Company

Wheels India Limited

Associate Company

Topy Industries Limited, Japan

Key Managerial Personnel:

Mr L Rajasekar, Executive Director

Nature of transactions	(Rs. in Lakhs)	
	2019-20	2018-19
Transaction during the year		
A. Wheels India Limited		
Purchase of goods	263.39	1,047.72
Contract Manufacturing Charges	1,334.05	1,642.88
Rent payments	7.58	11.12
Receiving of Common Services	182.16	271.94
Purchase of Plant and Machinery	–	264.10
Sale of goods	5,525.79	8,080.34
Rent receipts	4.08	4.08
B. Topy Industries Limited, Japan		
Payment of Royalty	232.65	283.20
Reimbursement of Expenses	6.00	6.39
Professional Services received	5.25	1.33
Closing balances		
Balance due (receivable from)		
Wheels India Limited	431.62	1,160.98
Balance due (payable to)		
Wheels India Limited	203.60	444.91
Topy Industries Limited	84.42	254.88

Key Managerial Personnel	(Rs. in Lakhs)	
	2019-20	2018-19
Mr L Rajasekar, Executive Director (from 18 Feb 2019)		
Remuneration and Perquisites	38.31	4.72
Mr. R Narasimhan, Executive Director (up to 18 Feb 2019)		
Remuneration and Perquisites	–	47.58

(Rs. in Lakhs)

41 Disclosure on Accounting for intangible assets in accordance with Ind AS 38

	2019-20	2018-19
Computer software & Technical know how		
Gross carrying amount at the beginning of the year	89.01	15.12
Acquired during the year	0.31	73.89
Gross carrying amount at the end of the year	89.32	89.01
Gross amortisation at the beginning of the year	24.11	2.98
Amortised during the year	28.35	21.13
Gross amortisation at the end of the year	52.46	24.11
Net carrying amount at the beginning of the year	64.90	12.14
Net carrying amount at the end of the year	36.86	64.90

Refer note no. 3

42 Disclosures as under Ind AS 116

	2019-20	2018-19
Depreciation Charge for right of use on leased assets		
(i) Leased Vehicle	12.09	–
Interest expenses on lease liabilities	2.01	–
Expenses relating to short-term leases	6.25	–
Expenses relating to leases of low-value assets	–	–
Expenses relating to variable lease payments	–	–
Income from subleasing right-of-use assets	–	–
Total cash outflow for leases	13.45	–
Additions to right-of-use asstes	–	–
Gains or Losses arising from sale and leaseback transactions	–	–
Carrying amount of right-of use assets at the end of the Financial Year		
(i) Leased Vehicle	18.11	–

Notes on Accounts (Contd.)

43 Borrowing cost in accordance with Ind AS 23

	2019-20	2018-19
Borrowing costs capitalised during the year	313.07	89.76

The capitalisation rate used for Borrowing costs is the rate at which the term loans were availed for specific purpose.

44 Commitment and Contingencies

	2019-20	2018-19
A) Contingent Liabilities not provided for	Nil	Nil
B) Estimated amount of contracts pending to be executed on capital account and not provided for (net of advances)	528.98	1,483.94

45 The provisions of sec. 135 of the Companies Act, 2013 are not applicable to the Company during the year.

46 Previous year figures have been regrouped wherever necessary to conform to current year classification.

Signatories to Notes to Financial Statements

SRIVATS RAM
Chairman

SHIMURA MAKOTO
Director

S PRASAD
Director

BADRI VIJAYARAGHAVAN
Director

L RAJASEKAR
Executive Director

SANJAY PANDE
Director

11 June 2020
Chennai

M GOKULAKRISHNAN
Company Secretary

As per our report attached
For **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Registration No.:004207S)

K SRINIVASAN
Partner
Membership No.5809

Cash Flow Statement in accordance with Ind AS 7 issued by ICAI Annexed to the Balance Sheet for the year ended 31.03.2020

(Rs. in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
A Cash Flow from Operating Activities		
Net Profit before Tax and extraordinary items	(894.49)	(193.10)
Adjustment for:		
Depreciation	772.23	844.32
Gain/ (loss) on fair valuation of financial assets	(48.77)	(31.38)
(Profit) / Loss on sale of assets	13.63	(6.34)
Loss on obsolescence	0.03	0.16
Effect of Exchange Rate Change	(0.64)	0.52
Interest income	(6.68)	(5.08)
Lease Liabilities	–	16.00
Finance costs	499.19	390.80
	<u>1,228.99</u>	<u>1,209.00</u>
Operating profit before working capital changes	334.50	1,015.90
Adjustments for:		
Trade Receivables	2,398.34	(118.85)
Advances and other current assets	(48.68)	(211.73)
Inventories	825.95	(733.29)
Trade Payables	(566.06)	1,873.77
Other payables and provisions	(471.94)	(950.53)
	<u>2,137.61</u>	<u>(140.63)</u>
Cash generated from operations	2,472.11	875.27
Taxes paid	(1.00)	(58.00)
Net Cash from operating activities (A)	<u>2,471.11</u>	<u>817.27</u>
B Cash Flow from Investing Activities		
Purchase of fixed assets	(4,346.49)	(4,800.43)
Proceeds from sale of fixed assets	18.41	53.57
Interest received	5.64	5.08
Net cash used in investing activities (B)	<u>(4,322.44)</u>	<u>(4,741.78)</u>
C Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	2,833.77	3,707.10
Repayment of Long Term Borrowings	(500.00)	–
Repayment of Lease liabilities	–	(16.00)
Increase in working capital	1.00	482.00
Finance costs	(482.67)	(360.78)
Net cash used in Financing activities (C)	<u>1,852.10</u>	<u>3,812.32</u>
Net increase in cash and cash equivalents (A+B+C)	0.77	(112.19)
Cash and cash equivalents at the beginning of the year	135.01	247.20
Cash and cash equivalents at the end of the year	135.78	135.01

The above statement of cash flow is prepared using indirect method

SRIVATS RAM
Chairman

SHIMURA MAKOTO
Director

S PRASAD
Director

As per our report attached
For **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Registration No.:004207S)

BADRI VIJAYARAGHAVAN
Director

L RAJASEKAR
Executive Director

SANJAY PANDE
Director

K SRINIVASAN

11 June 2020
Chennai

M GOKULAKRISHNAN
Company Secretary

Partner
Membership No.5809